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December 7, 2004

Walter Thomas, Secretary
Alabama Public Service Commission
P. O. Box 304260
Montgomery, AL 36130-4260

**RE: IN RE: PROPOSED REVISIONS TO THE PRICE REGULATION AND
LOCAL COMPETITION PLAN; DOCKET 28590**

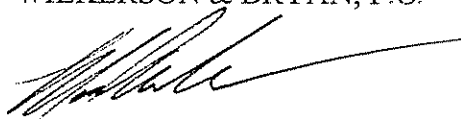
Dear Mr. Thomas:

Pursuant to the Commission's November 4, 2004 order, enclosed herein for filing with your office are the original and ten copies of Reply Comments of the Non-BellSouth ILECS in the above-referenced matter.

If you have any questions, please do not hesitate to contact me.

Very truly yours,

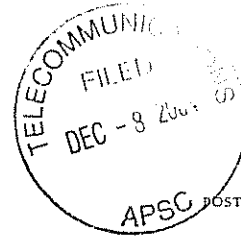
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Attachment



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**BEFORE THE
ALABAMA PUBLIC SERVICE COMMISSION
MONTGOMERY, ALABAMA**

IN RE:

PROPOSED REVISIONS TO THE)	
PRICE REGULATION AND LOCAL)	DOCKET NO. 28590
COMPETITION PLAN)	

REPLY COMMENTS OF THE NON-BELLSOUTH ILECS

In accordance with this Commission's Order dated November 4, 2004, the Incumbent Local Telephone Companies ("the ILECs" or "the Independents") listed in Exhibit "A" attached hereto provide the following reply comments regarding the latest revised Alabama Telecommunications Pricing Plan for Incumbent Local Exchange Carriers Operating in Alabama (the "ATPP" or "Plan").

Proposed Access Reduction Mechanism

Two parties, AT&T and BellSouth Telecommunications, Inc. ("BST") have objected to the creation of the proposed Alabama Access Reduction Fund ("AARF") as a means of restructuring the manner in which intrastate access charges are collected from providers of interexchange services. While the ILECs disagree with these parties regarding the appropriateness and legality of the AARF, they have elected to withdraw their request that such a mechanism be adopted at this time. The ILECs have revised their "blacklined" ATPP draft attached to the original comments to reflect the elimination of references to the AARF.

Proposed Changes to Pricing Flexibility Under the BellSouth and ILEC Plans

In their comments, BellSouth and the ILECs express many of the same concerns regarding the pricing caps applicable to Tier I, II and III markets. For example, on page 6 of its comments, BellSouth points out the impracticability of small percentage caps for inexpensive services and proposes a new footnote to Section 7B(4) of the BellSouth plan to allow greater flexibility for services priced below \$4.00 per month or per use. The ILECs have proposed that this problem be addressed by applying the caps on a cumulative basis, which has the added benefit of avoiding any incentive for an ILEC to raise rates every year. The ILECs urge the Commission to adopt one of the two solutions and to apply the solution to both the BellSouth and ILEC plans.

Inaccurate References to Telecom Act Exemptions and Waivers in ILEC Flex Plan

The ILECs reiterate their earlier comments regarding the need to correct inaccurate references in Sections I.A. and I.B.2 of the Price Flex Plan – Requirements, such as to a “rural exemption from competition”, and instead specifically address those requirements, such as negotiating interconnection agreements, generally acknowledged to be reasonable for small ILECs and applicable to the nature of competitive entry in rural areas. These changes are discussed in pages 2 through 4 of the ILECs’ original comments, with specific revisions included in the “blacklined” ATPP attached as Exhibit “B”. During APSC workshops, no segment of the industry disputed the need for these changes, with one CLEC lending public support. Without these changes, it is unlikely that any rural ILECs will elect to be regulated under the Price Flex Plan.

Other Comments

The Attorney General expresses concern over the Price Flex Plan due to the fact that it does not require a “significant showing of competitiveness”. However, the tiered plan proposed by the staff clearly does just that, by tying a future tier change to a demonstration of heightened competition. There is no evidence that the level of competition in a BellSouth Tier III area, such as the Sunny South community in remote Wilcox County, is any greater than in the Tier III service areas of each of the other ILECs serving the same county, nor has anyone even made such a claim. In such circumstances, it defies common sense to impose greater regulatory controls and costs on an ILEC with a fraction of the resources of its neighbor.¹

Moreover, this Commission cannot turn a blind eye toward the tidal wave of unregulated competitors receiving federal high cost support to compete for rural residential customers. This is why it is critical that the Price Flex Plan be changed to eliminate the artificial dichotomy between intramodal and intermodal competition. At a minimum, the Price Flex Plan should be modified to give equal weight to competitive entry by intermodal competitors that have obtained ETC status (and thus have universal service obligations and high cost support in rural ILEC areas).²

As pointed out in the ILECs’ Comments, over the last two weeks, yet another carrier, Southern LINC, has petitioned the FCC for ETC status in rural areas of Alabama, bringing to six the number of carriers that have obtained, or are seeking, ETC status to

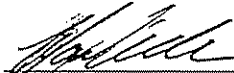
¹ In many ILEC areas, intramodal competition is a reality, with facility based providers engaging in major overbuilds.

² The fact that several wireless carriers have obtained ETC status provides the Commission and Attorney General with a remedy at the FCC should they discover pockets in rural areas without adequate wireless coverage. In addition, the continued imposition of price averaging for IFR service eliminates any possibility that an ILEC can raise rates to any uncompetitive portion of its service area without raising rates to those customers with competitive options

serve rural areas in the state. *Southern Communications Services, Inc., d/b/a Southern LINC: Petition for Designation as an Eligible Telecommunications Carrier in the State of Alabama*, CC Docket No. 96-45 (FCC Sept. 17, 2004). These carriers have both the funding and the legal obligation to offer service to all customers in the rural areas for which they have been certified. The existence of these carriers, each of which has undertaken a legal commitment to offer a flat rate local calling plan to all customers in its service area, simply cannot be not be ignored when evaluating competition.

As demonstrated in the workshops, the expanded local calling plans required as part of the Price Flex Plan will provide a substantial benefit for rural customers. With relatively few changes, the Price Flex Plan can be implemented in such a way that ensures that thousands of Alabama consumers receive an immediate benefit in the form of the enhanced calling options. The ILECs would respectfully request that the Commission give careful consideration to each of the revisions included in the revised draft attached as Exhibit "B".

Respectfully submitted on this 7th day of December, 2004.



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CERTIFICATE OF SERVICE

I hereby certify that I have, this 7th day of December, 2004, served a copy of the foregoing document on all counsel of record by placing a copy of same in the United States Mail, postage prepaid and properly addressed as follows:

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OF COUNSEL

EXHIBIT "A"

ALLTEL Alabama, Inc.
Ardmore Telephone Company, Inc.
Blountsville Telephone Company
Butler Telephone Company, Inc.
Brindlee Mountain Telephone Company
Castleberry Telephone Company, Inc.
CenturyTel of Alabama, LLC
Farmers Telephone Cooperative, Inc.
GTC, Inc. d/b/a GT Com
Frontier Communications of Alabama
Frontier Communications of Lamar County
Frontier Communications of the South, Inc.
Graceba Total Communications, Inc.
Gulf Telephone Company
Hayneville Telephone Company, Inc.
Hopper Telecommunications Co., Inc.
Interstate Telephone Company
Millry Telephone Company, Inc.
Mon-Cre Telephone Cooperative, Inc.
Moundville Telephone Company, Inc.
National Telephone of Alabama, Inc.
New Hope Telephone Cooperative, Inc.
Oakman Telephone Company, Inc.
Otelco Telephone, LLC. (formerly
Oneonta Telephone Company, Inc.).
Peoples Telephone Company, Inc.
Pine Belt Telephone Company, Inc.
Ragland Telephone Company, Inc.
Roanoke Telephone Company, Inc.
Union Springs Telephone Company
Valley Telephone Company

EXHIBIT "B"

STAFF PROPOSED ALABAMA TELECOMMUNICATIONS REGULATION PLAN

The Staff Proposed Alabama Telecommunications Regulation Plan (TELCOM REG PLAN) is applicable to those telecommunications service providers, defined herein, regulated by the Alabama Public Service Commission. Recognizing that there are distinct regulatory requirements pertinent to each type service provider, the Commission Staff (hereafter referred to as "the staff") has separated the Regulation Plan into parts applicable to each. Part I applies to BellSouth Telecommunications Company, Parts II and III apply to other incumbent local exchange carriers (ILECs), Part IV applies to competitive local exchange carriers (CLECs) and Part V applies to toll carriers and toll resellers.

Each Part of the TELCOM REG PLAN stands on its own and the Commission may approve all or selected parts of the plan at its discretion.

TABLE OF CONTENTS

PART I	BellSouth Price Flexibility Plan	pages 1 through 21
PART II	ILEC Price Cap Plan	pages 22 through 33
PART III	ILEC Price Flexibility Plan	pages 34 through 50
PART IV	CLEC Price Flexibility Plan	pages 51 through 58
PART V	Toll Service Provider Streamlined Regulation Plan	pages 59 through 62

PART I

BELLSOUTH PRICE FLEXIBILITY PLAN

1. APPLICABILITY OF THE BELLSOUTH PRICE FLEXIBILITY PLAN

The Staff Proposed BellSouth Price Flexibility Plan ("the Bell Plan" or the "Plan") for BellSouth Telecommunications ("BellSouth") will apply to all telecommunications services offered by BellSouth and regulated by the Alabama Public Service Commission (hereinafter referred to as "the Commission").

2. DEFINITIONS

- A. "Bundled Services" are a combination of services offered as a package, whether at a single price or with the availability of the price for one contingent on the purchase of the other(s). A Bundled Service may be comprised of any telecommunications service or

non-telecommunication service offered by the ILEC in any combination with telecommunication or non-telecommunication service(s) offered by an ILEC's affiliate and/or with a non-affiliated third party provider.

- B. "Contract Service Arrangement" ("CSA") is an arrangement wherein BellSouth provides services pursuant to a contract between BellSouth and customers in Tier I where competitive alternatives are known to exist and in Tier II and Tier III in response to a competitive alternative or other unique circumstances¹. Such arrangements include situations in which the services are not otherwise available through BellSouth's tariffs, as well as situations in which the services are available through BellSouth's tariffs, but BellSouth offers those services at prices other than those specified in BellSouth's tariffs.
- C. "Customer Value Program" (CVP) is the offering of a telecommunications service, combination of telecommunications services, or a telecommunications service or combination of telecommunications services in conjunction with a non-regulated service and/or non-telecommunications service by ILECs to eligible customers in the ILEC's service area. Customers subscribing to such programs will receive ongoing benefits for a duration that may exceed ninety (90) calendar days. Essentially, CVPs are long-term promotions (greater than 90 days in duration).
- D. "Effective Date" is the proposed date on which a new tariff or tariff revision is considered effective. The Effective Date is based on a specified number of work days following, but excluding, the File Date.
- E. "Eligibility Criteria" are the factors used to determine the customers and/or potential customers who would qualify for a Promotion, Customer Value Program, Marketing/Technical Trial, or Bundled Service: i.e., current services or services a customer must subscribe to, monthly spend, service or usage volume, term commitment, geographic location, such as wire center, and/or any other identifiable characteristic.
- F. "File Date" is the official date recorded by the office of the Director of the Commission's Administrative Division (Commission Secretary) for any proposed tariff or tariff revision submitted by a telecommunications provider and accepted by the Commission. The File Date is considered administrative in nature.
- G. "Interconnection Services" include Switched Access Services, Special Access Services, and Local Access Services and are defined as follows:

¹ The term "competitive alternative" is defined as products and/or services offered by a telecommunications carrier who has the capability of providing the services to the customer at the time and place of the customer's choosing and whose availability and pricing are such that BellSouth's customers are reasonably expected to switch to a competitive provider. The Commission shall determine, on a case-by-case basis, the reasonableness of claims that competitive alternatives exist. The term "other unique circumstances" is defined as a unique customer telecommunications service requirement wherein a competitive alternative does not necessarily exist but the arrangement of products and/or services is generally unavailable in the approved tariff or wherein the Commission deems it to be in the public interest to offer the products and services at prices below those authorized in the approved tariff on a case-by-case basis.

- (1) "Switched Access Services" allow toll providers to interconnect to BellSouth's network in order to originate or terminate switched toll calls.
 - (2) "Special Access Services" are services providing an analog or digital transmission path that is not switched by a BellSouth end office to directly connect an interexchange carrier's ("IXC's") terminal location and an end user's premises, two IXC terminal locations, an IXC terminal location and a hub, or two end user premises.
 - (3) "Local Access Services" allow competitive local exchange carriers ("CLECs") or other providers of local exchange services to complete local calls via BellSouth's network pursuant to the Telecommunications Act of 1996 ("the Act") through the interconnection of a CLEC's or other provider's network to BellSouth's network, through the resale by a CLEC of BellSouth's regulated retail services, or through the purchase by the CLEC of unbundled network elements ("UNEs") offered by BellSouth.
- H. Intra/Inter-modal² is a categorization that, for purposes of this Plan, describes competition for wire line subscribers in relation to the delivery means used by ILECs for provisioning local exchange service. Intra-modal competition describes basic local telephone service provided by regulated telecommunication carriers, over cable or wire, to subscribers within the ILEC's exchange boundary to include telecommunications over CATV and power lines. Wire line competition exists when local telephone services are generally available to subscribers within the ILEC's exchange boundary at a level of service and at prices that make them a reasonable and viable alternative to the ILEC's services. Business private line arrangements alone are not a sufficient indicator of wire line competition. Inter-modal competition is local telephone service provided primarily by means other than cable or wire, such as wireless telecommunications service.
- I. "Marketing/Technical Trial" is the offering of a telecommunications service, combination of telecommunications services, or a telecommunications service or combination of telecommunications services in conjunction with a non-regulated service and/or non-telecommunications service by BellSouth to eligible customers on a trial basis in BellSouth's service area for technical and/or marketing purposes. Such trials shall be for the purpose of evaluating, in an operating environment, the performance and pricing of the specific service or services in conjunction with other marketing and environmental factors that can influence customer demand.

² The Commission's definition of intra/inter-modal competition, for purposes of this plan, may differ from the FCC definition. The FCC defines *inter-modal alternatives* as "facilities or technologies other than those found in traditional telephone networks. These include, for example, traditional or new cable plant, wireless technologies (satellite, mobile, or fixed), power line (electric grid) technologies, or other technologies not rooted in telephone networks." The Commission's definition recognizes that wire line, local exchange service, available from an alternative to the ILEC, is competition regardless of whether the service is provided by delivery means traditionally utilized by ILECs.

- J. "Metropolitan Statistical Area" ("MSA") is an area, as defined by the Office of Management and Budget, with a large population nucleus that together with adjacent communities, has a high degree of social and economic integration.
- K. "New Service" is a regulated function, feature, capability, or any combination thereof, which is not offered by BellSouth as of the effective date of this Plan.
- L. "Non-discretionary Retail Telecommunication Services" are those services for which the Commission limits the degree of regulatory discretion otherwise provided in the Plan for Retail Telecommunications Services.
- M. "Promotion" is the offering of a telecommunications service, combination of telecommunications services, or a telecommunications service or combination of telecommunications services in conjunction with a non-regulated service and/or non-telecommunications service by ILECs to eligible customers in the ILEC's service area. Customers subscribing to promotional offerings receive a one-time or short-term benefit that shall not exceed ninety (90) calendar days.
- N. "Retail Telecommunications Services" are the telecommunications services, other than Interconnection Services, which are offered by BellSouth and regulated by the Commission.
- O. "Telecommunications Service" is the offering of telecommunications for a fee directly to the public, or to such classes of users as to be effectively available to the public, regardless of the facilities used.
- P. The term "Tier" refers to a category of wire centers demonstrating similar levels of competitive activity and may include only a subcategory of service associated with a wire center (business or residential).
- Q. ~~Total Service-Long Run Incremental Cost ("TSLRIC") is the incremental cost that would be incurred for the entire volume of a service. TSLRIC methodology considers all volume sensitive costs (i.e., costs that change with a change in unit demand) and volume insensitive costs (i.e., costs that do not change with a change in unit demand, but are required by the service) directly caused by and associated with that service.~~
- R. "Work Day" is defined as Monday through Friday and excludes weekends and officially recognized State holidays.

3. COMPETITIVE CATEGORIES (TIERS)

For purposes of the Plan, BellSouth's service territory shall first be divided into geographical affiliation based on Metropolitan Statistical Areas ("MSAs"). However, the MSAs shall only be used as a guideline for assigning wire centers to a competitive Tier. Competitive activity and not geographical affiliation ultimately determines wire center assignment to one of three

(3) Tiers. Each Tier will contain wire centers demonstrating similar competitive activity. Because competition for business telecommunication services can develop absent a similar level of competitive activity for residence service, a wire center may be assigned to one competitive Tier for business service and another for residential service. BellSouth shall request assignment of wire centers and provide justification for the proposed assignment. The Commission, however, will determine the initial classification of wire centers to each of the competitive Tiers. Additionally, on each anniversary of the Plan, the Commission may review and redefine the criteria used to assign wire centers to each of the competitive Tiers.

Initially, the following MSAs shall be designated as Tier I MSAs: Birmingham-Hoover, Mobile, Montgomery, and Huntsville. The remaining MSAs, Anniston, Auburn/Opelika, Columbus (Georgia), Decatur, Florence, Gadsden, Pensacola (Florida), and Tuscaloosa, shall be designated as Tier II MSAs. The Non-MSA areas of the State shall be grouped together for regulatory purposes into Tier III³. Additional criteria for defining levels of competitive activity will be identified by the Commission and the Company and wire centers shall be assigned to Tier I, Tier II, or Tier III before the implementation of the Plan.

4. CLASSIFICATION AND RECLASSIFICATION OF WIRE CENTERS

Factors upon which BellSouth may request classification of wire centers into the competitive Tiers may include, but are not limited to, collocation arrangements, residential and/or business competitive market share, alternative sources of switching, alternative sources of transport, etc. Further, pricing and availability of competitive residential alternatives will be used to determine the classification of residential service in each wire center to a competitive category. BellSouth will submit supporting documentation justifying the requested classification.

On each anniversary of the Plan, BellSouth may file requests to reclassify Tier I, Tier II, or Tier III wire centers. BellSouth shall file supporting documentation justifying the reclassification of wire centers to a different competitive Tier. Factors upon which BellSouth may base its reclassification request are referenced in the preceding paragraph and must include a separate analysis for residential service.

5. SERVICE CATEGORIES

Each telecommunications service offered by BellSouth and regulated by the Commission shall be assigned to one of two (2) categories: (1) Retail; and (2) Interconnection Services. (See Attachment B for the classification of services by category as of the effective date of this Plan.)

³ All non-MSA wire centers will be assigned to Tier II upon demonstration by the ILEC to the Commission's satisfaction that fifty (50) percent of more of the ILEC's non-MSA wire centers are experiencing (1) intra-modal, UNE or facilities-based competition (resale competition excluded) as evidenced by wire line telephone service being provided to subscribers within the non-MSA wire center boundary, or (2) intermodal competition by a carrier that has been granted eligible telecommunications status.

6. TARIFFS

BellSouth shall file tariffs for all telecommunications services offered by BellSouth and regulated by the Commission, except as specifically exempted herein. Tariffs shall be filed for any proposed change to terms, conditions, and/or prices.

Tariffs shall become effective in accordance with the provisions of subsections (A) – (F) below. The Commission retains the authority to investigate a tariff on its own motion, by intervention of another party, or as the result of a complaint filed pursuant to §37-1-83 of the Code. Any such motion, intervention or complaint shall specifically enumerate the rules and regulations of the Plan and/or Title 37 of the Code of Alabama, 1975 (the “Code”) that have been violated.

If the Commission initiates an investigation of a tariff on its own motion, the tariff in question may be suspended for up to ninety (90) days. If the Commission initiates an investigation based on the intervention of another party or the filing of a complaint pursuant to §37-1-83 of the Code, the tariff shall remain in effect pending completion of the investigation and hearing. In lieu of the suspension of proposed tariffs as the result of intervention by another party or the filing of a complaint by another party pursuant to §37-1-83 of the Code, the following procedures will be in effect.

If the Commission initiates an investigation of a tariff based on the intervention or complaint of another party within sixty (60) days of the effective date of said tariff and orders a decrease in a price or prices contained therein, BellSouth shall be required to credit the difference between the effective price or prices and the Commission-ordered price or prices to affected customers during that period of time the tariff was effective, but not to exceed one-hundred, fifty (150) days.

- A. Tariffs proposing changes to terms or conditions for telecommunications services offered by BellSouth and regulated by the Commission shall be filed with an Effective Date at least ten (10) work days following the File Date.
- B. Tariffs proposing price reductions for telecommunications services offered by BellSouth and regulated by the Commission shall be filed with an Effective Date at least five (5) work days following the File Date.
- C. Tariffs proposing price increases for Retail Telecommunications Services⁴, Switched Access Services, or Special Access Services in Tier I shall be filed with an Effective Date at least five (5) work days following the File Date. Price increases for Retail Telecommunications Services, Switched Access Services, or Special Access Services in Tier II and Tier III shall be filed with an Effective Date at least ten (10) work days following the File Date.

⁴ Except those Retail Telecommunication Services listed as “Non-discretionary” in Attachment B.

- D. Tariffs proposing price increases for Non-discretionary Retail Telecommunication Services, as annotated on Attachment B, shall be filed with an Effective date at least thirty (30) work days following the File Date.
- E. Tariffs for New Services shall be filed with an Effective Date at least five (5) work days following the File Date.
- F. Tariffs that grandfather and/or eliminate telecommunications services shall be filed with an Effective Date at least twenty-five (25) work days following the File Date. For tariffs that eliminate telecommunications services, the tariff shall provide customers no less than one hundred, eighty (180) calendar days following the Effective Date during which affected customers will be given the opportunity to subscribe to alternative services before a customer's current services are eliminated.

7. PRICING RULES

A. Pricing Rules – General

- (1) The price for any new or existing service shall equal or exceed its TSLRIC unless:
 - (1) specifically exempted by the Commission based on public interest concerns; or (2) BellSouth in good faith, and upon Commission approval, prices the service in order to meet the equally low price of a competitor.
- (2) In the event that BellSouth prices a service below TSLRIC to meet the equally low price of a competitor, any intrastate universal service fund which may exist cannot be utilized to offset the resulting revenue shortfall.
- (3) No price reductions that will result in prices below TSLRIC will be allowed unless approved by the Commission. No price reductions will be allowed for any existing services that are priced below TSLRIC on the effective date of this Plan, unless approved by the Commission.
- (4) When no TSLRIC study is readily available, the Commission may, at its discretion, consider a surrogate for the TSLRIC cost study as the basis for analyzing the price floor requirement.

B. Pricing Rules – Retail Services

(1) FLAT-RATE RESIDENTIAL AND BUSINESS SERVICE

- a. Following Commission approval of the Plan, prices for 1FR and 1FB service in Rate Groups 1-5 may be increased to the prices for Rate Group 6, creating a single BellSouth statewide 1FR price of \$16.30⁵ and a 1FB price of \$36.23.

⁵ Prior to the implementation of this increase, the Company shall provide unlimited toll-free local calling to the community(ies) of interest agreed upon by the Company and the Commission for all of BellSouth's wire centers

Thereafter, 1FB prices in Tier I and Tier II shall be adjusted at the discretion of BellSouth subject to the limitations specified for Other Retail Telecommunication Services in Part 7B(4). For Tier III wire centers, 1FB prices shall be capped for two (2) years.

- b. Following the second and fourth anniversaries of this Plan, prices for 1FR service (including 1FB for Tier III) may, at the discretion of the Company⁶, be increased by five percent (5%). However, the tariff price for 1FR service shall not exceed eighteen dollars (\$18) per month and the tariff price for 1FB service in Tier III shall not exceed \$39.95 per month unless, following notice and hearing, specifically approved by the Commission. Price increases for 1FR service (including 1FB for Tier III) will only be authorized in those wire centers compliant with the Commission's service quality objectives set forth in this Plan (as of the applicable anniversary date referenced above). Otherwise, prices for 1FR service (including 1FB for Tier III) in those wire centers that fail to meet the service quality objectives will remain unchanged until found in compliance.
- c. ~~Within~~ Within ninety (90) days following the fourth anniversary of the plan, the Commission will make a further assessment of 1FR and 1FB prices and may schedule future adjustments as deemed necessary.

(2) NON-DISCRETIONARY RETAIL SERVICES

Prices for Non-discretionary Retail Telecommunication Services, annotated on Attachment B, shall not be increased at the discretion of BellSouth. The Company may request increases for prices of these services, on a case-by-case basis, in accordance with the filing requirements identified in part 6D of this Plan. In evaluating such requested price increases, the Commission will take into account prices for the same or equivalent services in other states within BellSouth's operating area.

(3) VERTICAL SERVICES

Upon approval of this Plan for BellSouth, the price for Residential Call Waiting, Caller I.D. and Caller I.D. Deluxe may be adjusted to mirror existing prices in any one of the states within BellSouth's operating area. Thereafter, prices for Residential Call Waiting, Caller I.D. and Caller I.D. Deluxe will be capped for two (2) years. Pricing Rules for Other Retail Telecommunication Services, Part 7B(4), shall apply for all other Business and Residential Vertical Services. Beginning with the second anniversary of the Plan, the pricing rules in 7B(4) shall thereafter apply to Residential Call Waiting, Caller I.D. and Caller I.D. Deluxe.

Included with the implementation of this toll-free local calling service will be the elimination of the Bay Minette exception (A 3 10 2).

⁶ The Company has the discretion to apply rate increases by competitive Tier (e.g., increase Tier II and/or Tier III but not Tier I or apply the authorized 1FR increases but not 1FB increases). Rates may also be decreased in one or more competitive sectors while increased in others. ~~However, any unapplied increases will not be accumulated and applied at a later date.~~

(4) OTHER RETAIL TELECOMMUNICATIONS SERVICES

Prices for other Retail Telecommunications Services shown in Attachment B (except as provided in Part 7B(3) and excluding Non-discretionary Retail Services) may be adjusted at the discretion of BellSouth subject to the following limitations:

- a. Tier I increases shall be at the discretion of BellSouth.
- b. Tier II increases shall be limited to fifteen percent (15%) annually per service for the first two years of the Plan. Beginning with the second anniversary of the Plan, Tier II increases shall be limited to twenty percent (20%) annually per service. Beginning with the fourth anniversary of the Plan, Tier II increases shall be limited to twenty-five percent (25%) annually per service.
- c. Tier III increases shall be limited to five (5%) annually per service for the first two years of the Plan. Beginning with the second anniversary of the Plan, Tier III increases shall be limited to ten percent (10%) annually per service. Beginning with the fourth anniversary of the Plan, Tier III increases shall be limited to fifteen percent (15%) annually per service.

C. Pricing Rules – Switched/Special Access Services and Local Access Services

(1). BellSouth's combination of the traffic sensitive per minute charge for originating and terminating switched access service will be capped⁷ at the effective intrastate level (including any non-traffic sensitive rate elements) and special access charges capped at the interstate level as of the date this Plan is implemented.

(2) No further intrastate access reduction will be required unless the reduction is offset by an end user charge, a new intercarrier compensation mechanism or by the introduction of an intrastate universal service fund.

~~(2) No Commission-directed intrastate access reduction will occur unless the subsidy to non-bundled, existing traditional flat-rate local exchange services for residential service provided by switched access is replaced by an end-user charge, an increase in local service rates (in addition to those provided for in Part 7B of this Plan), or by the introduction of an intrastate universal service fund. The establishment of an end-user charge or an intrastate universal service fund will only occur following notice and hearing.~~

~~(3)~~(3) Regarding Local Access Services, the resale discount applicable to BellSouth's prices for standalone, regulated retail telecommunications services and terms, conditions, and prices for unbundled network elements will be formally reviewed and appropriately adjusted periodically following a hearing by the Commission.

⁷ Excludes any access reductions associated with the USF High Cost Fund distribution, should it be eliminated or significantly reduced. The cap applies to intrastate switched access charges without application of subsidy from the USF High Cost Fund annual distribution.

Further, BellSouth shall agree to a Code of Conduct with CLECs that specifies mutually acceptable wholesaler/retailer business practices and ethics. If BellSouth and the CLECs cannot reach agreement on a Code of Conduct prior to the implementation of the Plan, BellSouth agrees to enter into and abide by Commission staff mediation of the issue.

8. CONTRACT SERVICE ARRANGEMENTS

- A. Customer-specific contract service arrangements ("CSAs") may be offered by BellSouth to customers in Tier I⁸ for any product or service provided by BellSouth and regulated by the Commission. CSAs may be offered by BellSouth to customers in Tier II and Tier III for any product or service provided by BellSouth and regulated by the Commission in response to a competitive alternative or other unique circumstances.⁹ Rates, terms, conditions, and additional regulations, if applicable, for the CSA will be developed on an individual case basis and will include all relevant costs, plus an appropriate level of contribution. Unless otherwise specified, regulations applicable to a CSA are in addition to the applicable rates and regulations specified in BellSouth's tariffs.
- B. On the fifth work day of each month, BellSouth will provide the Commission's Telecommunications Division, with a summary of the CSAs offered in the preceding calendar month. The summary will include the identification of the customer, the competitive Tier associated with the customer, a list of the services offered under the CSA, the retail price for each service from the tariff, the CSA price, TSLRIC support, and details about competitive alternatives if the CSA is offered in Tier II or Tier III. BellSouth will provide the CSA summary electronically via secure web page or other data storage medium. BellSouth will, as required, provide the Commission staff with access to detailed cost support for any CSA the staff chooses to review. BellSouth and the Attorney General agree to keep a comprehensive proprietary agreement in effect at all times to allow the Attorney General access to any proprietary/confidential information provided to the Commission's staff. All CSA information and supporting data is proprietary and will not be released to parties outside the Commission and Attorney General's Office without the written consent of the CSA customer and BellSouth.
- C. The Commission retains authority to investigate CSAs. Should any CSA be found in non-compliance with the requirements of 8A to this Plan and/or to be priced below the TSLRIC price floor without the Commission's prior approval, the Commission may take remedial action to include suspending, for any period deemed appropriate by the Commission, the CSA provisions of this Plan for BellSouth.

⁸ If a CSA customer has locations in Tier I and Tier II/Tier III, all of the locations will be treated as Tier I.

⁹ As previously referenced, the term "other unique circumstances" is defined as a unique customer telecommunications service requirement wherein a competitive alternative does not necessarily exist but the arrangement of products and/or services is generally unavailable in the approved tariff or wherein the Commission deems it to be in the public interest to offer the products and services at prices below those authorized in the approved tariff on a case-by-case basis.

9. PROMOTIONS, CUSTOMER VALUE PROGRAMS, MARKETING/TECHNICAL TRIALS, & BUNDLED SERVICES

A. General

The following rules apply to all Promotions, Customer Value Programs, Marketing/Technical Trials, and Bundled Service Offerings submitted for the Commission's consideration.

- (1) Promotions, Customer Value Programs, Marketing/Technical Trials, and Bundled Service Offerings will be priced above TSLRIC. BellSouth will, as required, provide the Commission staff with access to detailed cost support for any of the above referenced offerings the staff chooses to review.
- (2) For purposes of complying with the cost floor requirement, the Plan assumes a pro rata allocation¹⁰ of the discount in retail price associated with the entire offering is applicable to the regulated services portion of the offering unless demonstrated otherwise to the Commission's satisfaction. The TSLRIC cost floor requirement is applicable only to services regulated by the Commission. Regulated services already priced at or below TSLRIC due to regulatory mandate (e.g., 1FR service) will be excluded from the cost floor limitation and the pro-rata discount allocation.
- (3) A transmittal letter shall be provided to the Commission within five (5) work days following the effective date and will include the supporting documentation referenced in Parts 9B, 9C, 9D, and 9E.
- (4) Additional cost support will, upon request, be submitted electronically to the Commission's Telecommunications Division under standing proprietary agreement to include:
 - a. TSLRIC for all regulated services included in Promotions, Customer Value Programs, Marketing/Technical Trials, and Bundled Service Offerings;
 - b. The stand-alone retail price (or package price if not marketed on a stand-alone basis) for both regulated and unregulated services.
- (5) The Commission retains authority to investigate Promotions, Customer Value Programs, Marketing/Technical Trials, and Bundled Service Offerings. Should any be found in non-compliance with the requirements of Part 9 to this Plan and/or to be priced below the TSLRIC price floor without the Commission's prior approval, the

¹⁰ If, for example, the discount from the combined retail prices of both regulated and unregulated services is 20%, the discount applied to the retail price for regulated services is assumed to be 20% and the resulting discounted price must exceed the TSLRIC for those regulated services. In those cases where a contract exists between BellSouth and affiliated or non-affiliated providers of unregulated services that spells out the discount applicable to the non-regulated services, the Commission may use the contractual discounts for those non-regulated services in lieu of the pro rata allocation for its cost floor analysis.

Commission may take remedial action to include suspending, for any period deemed appropriate by the Commission, the provisions of this Plan whereby BellSouth may offer Promotions, Customer Value Programs, Marketing/Technical Trials, and Bundled Service Offerings.

B. Promotions

Subject to the availability of products, services, and facilities, Promotions will be available to all subscribers meeting the eligibility criteria as set forth in the Promotion. The following supporting documentation must be provided for the promotion:

- (1) A description of the Promotion (including terms, conditions and price);
- (2) A description of the geographic area in which the Promotion will be offered;
- (3) The eligibility criteria for the Promotion;
- (4) The marketing period (beginning and ending dates);
- (5) A detailed description of the services included in the Promotion; and,
- (6) Availability for resale.

C. Customer Value Programs:

Customer Value Programs (CVPs) will be available on a non-discriminatory basis to all subscribers meeting the eligibility criteria for each Program. The following supporting documentation must be provided for the CVP:

- (1) A description of the CVP (including terms, conditions and price);
- (2) A description of the geographic area in which the CVP will be offered;
- (3) The eligibility criteria for the CVP;
- (4) The marketing period (beginning and ending dates); and,
- (5) Availability for resale.

D. Marketing/Technical Trials

The following supporting documentation must be included must be provided for all Marketing/Technical Trials:

- (1) A description of the parameters of the Trial (including terms and conditions);

- (2) A description of the geographic area in which the Trial will be offered; and,
- (3) The rates and charges for the Trial, including any applicable range of rates within which the rates may be increased or decreased.

Marketing/Technical Trials may be offered for not less than one (1) month or not more than twelve (12) months.

E. Bundled Services¹¹

Subject to the availability of products, services, and facilities, Bundled Services will be available to all subscribers meeting the eligibility criteria for such Bundled Services. The services bundle must be made available to qualified customers, on a non-discriminatory basis, at their request.

The following supporting documentation must be provided for all Bundled Service offerings:

- (1) A detailed description for each Bundled Service including whether the service is regulated or unregulated, terms, conditions, and the bundled price;
- (2) A description of the geographic area in which the Bundled Service will be offered;
 - a. The eligibility criteria for the Bundled Service;
 - b. The marketing period (beginning and ending dates); and,
 - c. Availability for resale.

10. SERVICE QUALITY

- A. BellSouth will conform to the service standards outlined in Section T-21 of the Commission's Telephone Rules as currently exist or as subsequently modified. BellSouth agrees to provide, electronically if feasible and on time, all data and reports required by the Commission Staff for monitoring and/or investigating wholesale and retail service performance. Service quality data and/or reports will be addressed in a Commission Service Quality Workshop and the resulting requirements included as Attachment D (Service Quality).
- B. If BellSouth fails to achieve the Commission's minimum service quality standards or otherwise fails to provide service deemed adequate and safe for the public, the Commission may, after notice and hearing, institute a probationary period for a length of

¹¹ Existing rules and regulations, such as those involving bill payment, the allocation of payments between regulated and non-regulated services, and discontinuance of service for non-payment, remain in effect when customers subscribe to Bundled Services, unless and until modified by the Commission.

time of the Commission's choosing during which BellSouth will be afforded an opportunity to achieve the Commission's requirements for service. Following the probationary period, if the Commission's service requirements are not achieved, the Commission may require BellSouth to credit customer bills for 1FR/1FB¹² service in affected wire centers each month until the Commission's service requirements are achieved. The amount of the credit shall not exceed fifteen percent (15%) of the monthly 1FR/1FB rate and may be retroactive to the beginning of the probationary period.

- C. BellSouth will abide by all FCC and Commission rules and requirements, as currently exist, or as developed/modified on a going forward basis, for telephone number portability.

11. CUSTOMER NOTIFICATION

- A. BellSouth will provide customer notification of any price increases to all affected customers either by bill message, bill insert or direct mail at the option of the Company at least seven (7) calendar days before any regulated prices are increased. Notice of a price increase shall include at a minimum the effective date of the price change(s), the existing price(s), and the new price(s).
- B. Any affected customer may, within thirty (30) days of the Effective Date of any price increase, elect to cancel his/her subscription to a service that has been increased and BellSouth will credit the customer's bill by the amount of the price increase if the increase has been reflected on the customer's bill prior to the cancellation of the service.

12. REPORTING & FILING REQUIREMENTS

- A. BellSouth will comply with the Commission's filing requirements in either hard copy or electronic format (or both as directed by the Commission). BellSouth will provide web access to their Commission approved tariffs and an archive of previously approved tariff pages. Alternatively, BellSouth will submit to the Commission, within five (5) work days from the effective date of tariff revisions, an updated electronic version of their entire tariff and an updated archive of previously approved tariff pages. The archive of previously approved tariff pages is for revisions beginning no later than the implementation date of this Plan.
- B. On a monthly basis, BellSouth will report the number and type of access lines (residence/business) served in each wire center.
- C. On a monthly basis, BellSouth will report the customer name and location of pay phone service provider (PSP) and shared tenant service (STS) access lines served in each wire center.

¹² In addition to 1FR/1FB service, the credit applies to all other local calling plans. However, the amount of the credit applied to other local calling plans is based on the tariff rate for 1FR/1FB service.

- D. The Commission shall address other specific reporting requirements for this Plan under a separate docket.

13. CUSTOMER COMPLAINT RESOLUTION

The Commission's existing customer complaint procedures shall remain in effect.

14. COMMISSION OVERSIGHT

- A. The Alabama Telecommunications Regulation Plan ("ATRP") is hereby implemented by the Commission as an alternative method of regulating the telecommunications industry in Alabama pursuant to the provisions of Code of Alabama 1975, §37-1-80(b). Nothing in the Alabama Telecommunications Regulation Plan abrogates any statutorily granted authority of the Commission, including Code of Alabama, 1975 §37-1-80(a). The Commission reserves the right to exercise any authority statutorily granted to the Commission depending on the circumstances present in the telecommunications industry in Alabama. The Commission will, however, exercise any statutory provisions which are inconsistent with the ATRP only after notice and a hearing.
- B. With the adoption of the ATRP, the Commission will remain actively involved in public interest concerns, the quality of services rendered and received, the availability of new services and technologies and other consumer oriented issues. However, nothing herein shall relieve regulated telecommunications carriers in Alabama from their ongoing obligation to provide financial cost or other related data that the Commission requires.
- C. The Commission specifically reserves the right to review and/or revise the Alabama Telecommunications Regulation Plan in the event of rulings and/or decisions from the federal and/or state court systems as well as the Federal Communications Commission which have a major impact on the telecommunications industry in Alabama. Revisions to the ATRP will, however, only be implemented by the Commission following notice and a hearing. The determination of whether a ruling and/or decision shall be reviewed by the Commission for purposes of revising the ATRP or otherwise shall be made by the Commission on its own motion or following a petition seeking such a determination by an interested party.

15. EXPANDED ALTERNATIVE DISPUTE RESOLUTION PROCEDURES

Commission conducted/supervised Mediation shall be available to any telecommunications carrier subject to the jurisdiction of the Commission for purposes of resolving disputes with other carriers. Mediation is a dispute resolution mechanism primarily available for two-party disputes, and is not to be used in substitution of generic dockets or workshops absent express agreement of all parties. The purpose of mediation is to create a voluntary forum whereby

the parties may, at their own option, openly communicate with each other with the goal of reaching resolution of issues between the parties. The Alabama Public Service Commission encourages such discussions and will work with the parties to facilitate the mediation.

The Rules governing Mediation as established herein are set forth in Attachment E. The Mediation of disputes arising as the result of negotiations instituted and conducted pursuant to § 252 of the Telecommunications Act of 1996 will continue to be addressed pursuant to Rule T-25 of the Commission's Telephone Rules.

16. COMMISSION REVIEW

The Commission will conduct an assessment of this Plan beginning with the first anniversary date of the Plan in 2005 and will complete the assessment within one hundred and eighty (180) days following the first anniversary date. An additional assessment will be conducted, at the Commission's discretion, on the third anniversary date. The need for and frequency of future assessments will be determined at that time.

The Commission may not modify or repeal any portion of this Plan without notice and hearing. BellSouth or any affected third party may, as market conditions change, petition the Commission for modifications to this Plan. Modifications will only be made following notice and hearing by the Commission.

CLASSIFICATION OF BELL SOUTH'S WIRE CENTERS

Tier I MSAs

Birmingham-Hoover	Huntsville	Mobile	Montgomery
Alabaster	Athens Elk River	Airport	Fort Deposit
Bessemer Birmingham	Athens Main	Azalea	Dalraida
Bessemer Hueytown	Gurley	Bay Front	Holtville
Bessemer Main	Hazel Green	Belle Fontaine	Main & Toll
Cahaba Heights	Lakewood	Citronelle	Millbrook
Calera	Madison New Main	Mount Vernon	Normandale
Carbon Hill	Madison Old Main	Old Shell	Prattville
Center Point	Main & Toll	Prichard	Wetumpka
Centreville	Parkway	Saraland	
Chelsea	Redstone Arsenal	Semmes	
Clanton	Research West	Skyline	
Columbiana	Strategic Defense	Springhill	
Cordova	University	Theodore	
Dora			
Eastlake			
Eastwood			
Ensley			
Five Points			
Forestdale			
Gardendale			
Graysville			
Homewood			
Jasper			
Main & Toll			
Maplesville			
Montevallo			
Oak Mountain			
Oxmoor			
Parrish			
Pinson			
Riverchase			
Tarrant			
Valley			
Vincent			
Warrior			
West Blocton			
West End			
Woodlawn			

CLASSIFICATION OF BELL SOUTH'S WIRE CENTERS

Tier II MSAs

Anniston	Auburn	Columbus	Decatur
Jacksonville	Auburn	Hurtsboro	Courtland
Lenlock	Opelika	Phoenix City Fort Mitchell	Decatur
Main & Toll		Phoenix City Main	Hartselle Main
Ohatchee			Hartselle Pence
Oxford			Moulton
Piedmont			Towncreek

Florence	Gadsden	Pensacola	Tuscaloosa
Florence	Attalla	Flomaton	Bessemer Bucksville
Killen	Boaz		Druid Hill
Leighton	Hillside		Eutaw Boligee
Lexington	Main & Toll		Eutaw Main
Rogersville	Rainbow Drive		Greensboro
Sheffield			Northport
			Tuscaloosa Main

Non-MSA Areas

Albertville	Fairhope	Red Bay
Alexander City	Fort Payne	Russellville
Bay Minette	Goodwater	Selma
Brewton	Guntersville	Spanish Fort
Bridgeport	Hanceville Bremen	Stevenson
Childersburg	Hanceville Main	Sylacauga
Clayton	Jackson	Talladega Main
Cullman Fairview	Lafayette	Talladega Renfro
Cullman Jones Chapel	Linden	Thomasville
Cullman Main	Livingston	Troy
Dadeville	Marion	Tuskegee
Demopolis	McIntosh	Uniontown
Eufaula	Munford	York
Evergreen		

CLASSIFICATION OF SERVICES BY CATEGORY

Retail Services

A2	General Regulations	Non-discretionary
A3	Basic Local Exchange Service	
A3 2 1	Flat Rate Residence and Business Service	
A3 2 9	Area Calling Service	
A3 2 10	Complete Choice® Service	
A3 10 2	Bay Minette Exception	
A3 10 3	Bridgeport Exception	
A3 10 4	Reverse Billing Option (Bridgeport)	
A3 2 11	Area Plus® Service	
A3 7	Measured Rate Service	
A3 12	NAR Usage Packages	
A3 13 3	Directory Assistance Service	
A3 14 3	Local Operator and Calling Card Service	
A3 15	Local Operator Verification/Interruption Service	
A3 19	Grouping Service	
A3 20	Trunk Lines	
A3 24	Directory Assistance Call Completion Service	
A3 25	Directory Assistance/Directory Assistance Call Completion Service	
A3 26	Network Access Service	
A3 27	Trunk Side Access Facility	
A3 30	Exchange Access Premium Charge	
A3 31	Lifeline	Non-discretionary
A3 32	Classroom Communication Service	
A3 38	Back-Up Line Service	
A3 43	BellSouth Business Plus Service	
A3 45	Complete Choice® for Business Package	
A4	Service Charges	
A4 2 7	Installment Billing	
A4 3	Residence and Business Service Charges	
A4 4	Dual Service	
A4 7	Link-Up	Non-discretionary
A5	Charges Applicable Under Special Conditions	
A6	Directory Listings	
A8	Telephone Answering Service Facilities	
A9	Foreign Exchange Service & Foreign Central Office Service	
A12	Central Office Non-Transport Offerings	
A12 4	Assigned Centrex Type Services Telephone Numbers Without Facilities	
A12 7	Direct-Inward Dialing Service	
A12 8	Identified-Outward Dialing From PBX Systems	
A12 16	Prestige® Communications Service	
A12 20	MultiServ® Service	
A12 21	MultiServ® Plus Service	
A12 22	MultiServ® Multi-Account Service	
A12 25	BellSouth® Centrex Service	
A12 26	BellSouth® Centrex ISDN Service	
A13	Miscellaneous Service Arrangements	
A13 5	Arrangements for Night, Sunday and Holiday Service	
A13 9	Custom Calling Service	
	Call Waiting and Call Waiting Deluxe (all)	
	Call Forwarding Variable, Call Forwarding Busy Line,	
	Call Fwd Don't Ans with or w/o ring control	
A13 11	Remote Call Forwarding	

A13.12	Selective Class of Call Screening Service	
A13.13	Dormitory Communications Service	
A13.14	Toll Trunks	
A13.16	Local Calling Area Conference Service	
A13.17	Feature Packages	
A13.19	TouchStar® Service	
	Caller ID Basic, Caller ID Deluxe with or without ACR and Enhanced Caller ID	
A13.20	Call Screening and Restriction Services	
A13.25	Extension Line Channels	
A13.27	Emergency Reporting Services	Non-discretionary
A13.30	Automatic Time and Charge Reporting Service	
A13.34	Ringmaster® Service	
A13.46	SMDI	
A13.47	Message Waiting Indication	
A13.49	Surrogate Client Number	
A13.50	Telecommunications Service Priority System	
A13.51	Electronic White Pages	
A13.53	Multiline Hunt Queuing	
A13.56	Hot Line Service	
A13.57	Warm Line Service	
A13.58	Uniform Access Number	
A13.59	Automatic Number Identification	
A13.60	Custom Service Area	
A13.61	Answer Supervision	
A13.62	Call Detail Information	
A13.70	BellSouth® Privacy Director® Service	
A13.72	Inter-Switch SMDI	
A13.76	Internet Call Waiting Service	
A13.77	Voice Mail Companion Services Package	
A13.78	BellSouth Essentials Package	
A13.79	211 Dialing Service	Non-discretionary
A13.80	711 Dialing Code for TRS	Non-discretionary
A13.81	511 Dialing Service	Non-discretionary
A14	Auxiliary Equipment	
A15	Connections With Certain Facilities and/or Equipment Of Others	
A18	Long Distance Message Telecommunications Service	
A19	Wide Area Telecommunications Service	
A20	Optional Calling Plans	
A29	Data Transport Service	
A32	Integration Plus Management Services	
A34	Advanced Intelligent Network Services	
A37	Billing and Collection Services	
A38	Listing Services	
A40	Fast Packet Transport Services	
A42	ISDN	
A43	Channelized Voice Transport Services	
A47	BellSouth® Remote Access Service	
A103	Obsolete Service Offerings – Basic Local Exchange Services	
A108	Obsolete Service Offerings – Telephone Answering Service Facilities	
A111	Obsolete Service Offerings – ESSX-I Service	

A112	Obsolete Service Offerings – Central Office Non-Transport Services
A113	Obsolete Service Offerings – Miscellaneous Service Arrangements
A120	Obsolete Service Offerings – Optional Calling Plans
A123	Obsolete Service Offerings – ESS Central Office Features
A125	Obsolete Service Offerings - Lightgate® Digital Service
A126	Obsolete Service Offerings – Exchange Digital Services
A129	Obsolete Service Offerings – Data Transport Service
A131	Obsolete Service Offerings – Multi-Location Business Service
A134	Obsolete Service Offerings – AIN Services
A139	Obsolete Service Offerings – Abbreviated Dialing
A140	Obsolete Service Offerings – Fast Packet Transport Services
A142	Obsolete Service Offerings – ISDN
B3	Channels
B4	Equipment
B7	Digital Network Services
B8	Custom Network Service
B103	Obsolete Service Offerings – Channels
B104	Obsolete Service Offerings – Equipment
B107	Obsolete Service Offerings – Digital Network Services

Interconnection Services

A7	Coin Telephone Service
A35	Interconnection of Mobile Services
E3	Carrier Common Line Access Service
E5	Ordering Options for BellSouth SWA and Special Access Service
E6	BellSouth SWA Service
E7	Special Access Service
E8	Billing and Collection Services
E9	BellSouth Directory Assistance Access Service
E18	Operator Services Access Services
E20	Expanded Interconnection Service
E21	Fast Packet Access Service
E34	Advanced Intelligent Network Service

PART II

ILEC PRICE CAP PLAN

1. APPLICABILITY OF THE ILEC PRICE CAP PLAN

The Staff Proposed ILEC Price Cap Plan ("Price Cap Plan" or the "Plan") for all non-BellSouth ILECs will apply to all telecommunication services regulated by the Alabama Public Service Commission (hereinafter referred to as "the Commission"). ILECs will be regulated under the Price Cap Plan unless they ~~make a one-time choice~~ elect to be regulated under the alternative ILEC Price Flexibility Plan provided in Part III of the TELCOM REG PLAN. ~~Thereafter, ILECs must petition for Commission approval to switch from the Price Cap Plan to the Price Flexibility Plan. ILECs may not switch from the Price Flexibility Plan to the Price Cap Plan.~~

2. DEFINITIONS

- A. "Bundled Services" are a combination of services offered as a package, whether at a single price or with the availability of the price for one contingent on the purchase of the other(s). A Bundled Service may be comprised of any telecommunications service or non-telecommunication service offered by the ILEC in any combination with telecommunication or non-telecommunication service(s) offered by an ILEC's affiliate and/or with a non-affiliated third party provider.
- B. "Contract Service Arrangement" ("CSA") is an arrangement wherein ILECs provide services pursuant to a contract between the ILEC and its ~~and~~ customers in response to a competitive alternative or other unique circumstances¹³. Such arrangements include situations in which the services are not otherwise available through the ILEC's tariffs, as well as situations in which the services are available through the ILEC's tariffs, but the ILEC offers those services at prices other than those specified in the ILEC's tariffs.

¹³ The term "competitive alternative" is defined as products and/or services offered by a telecommunications carrier who has the capability of providing the services to the customer at the time and place of the customer's choosing and whose availability and pricing are such that the ILEC's customers are reasonably expected to switch to a competitive provider. The Commission shall determine, on a case-by-case basis, the reasonableness of claims that competitive alternatives exist. The term "other unique circumstances" is defined as a unique customer telecommunications service requirement wherein a competitive alternative does not necessarily exist but the arrangement of products and/or services is generally unavailable in the approved tariff or wherein the Commission deems it to be in the public interest to offer the products and services at prices below those authorized in the approved tariff on a case-by-case basis.

- C. "Customer Value Program" (CVP) is the offering of a telecommunications service, combination of telecommunications services, or a telecommunications service or combination of telecommunications services in conjunction with a non-regulated service and/or non-telecommunications service by ILECs to eligible customers in the ILEC's service area. Customers subscribing to such programs will receive ongoing benefits for a duration that may exceed ninety (90) calendar days. Essentially, CVPs are long-term promotions (greater than 90 days in duration).
- D. "Effective Date" is the proposed date on which a new tariff or tariff revision is considered effective. The Effective Date is based on a specified number of work days following, but excluding, the File Date.
- E. "Eligibility Criteria" are the factors used to determine the customers and/or potential customers who would qualify for a Promotion, Customer Value Program, Marketing/Technical Trial, or Bundled Service: i.e., current services or services a customer must subscribe to, monthly spend, service or usage volume, term commitment, geographic location, such as wire center, and/or any other identifiable characteristic.
- F. "File Date" is the official date recorded by the office of the Director of the Commission's Administrative Division (Commission Secretary) for any proposed tariff or tariff revision submitted by a telecommunications provider and accepted by the Commission. The File Date is considered administrative in nature.
- G. "Interconnection Services" include Switched Access Services and Special Access Services, defined as follows:
 - (1) "Switched Access Services" allow toll providers to interconnect to the ILEC's network in order to originate or terminate switched toll calls.
 - (2) "Special Access Services" are services providing an analog or digital transmission path that is not switched by an ILEC end office to directly connect an interexchange carrier's ("IXC's") terminal location and an end user's premises, two IXC terminal locations, an IXC terminal location and a hub, or two end user premises.
- H. "Marketing/Technical Trial" is the offering of a telecommunications service, combination of telecommunications services, or a telecommunications service or combination of telecommunications services in conjunction with a non-regulated service and/or non-telecommunications service by the ILEC to eligible customers on a trial basis in the ILEC's service area for technical and/or marketing purposes. Such trials shall be for the purpose of evaluating, in an operating environment, the performance and pricing of the specific service or services in conjunction with other marketing and environmental factors that can influence customer demand.

- I. "New Service" is a regulated function, feature, capability, or any combination thereof, which is not offered by the ILEC as of the effective date of this Plan.
- J. "Non-discretionary Retail Telecommunication Services" are those services for which the Commission limits the degree of regulatory discretion otherwise provided in the Plan for Retail Telecommunications Services.
- K. "Promotion" is the offering of a telecommunications service, combination of telecommunications services, or a telecommunications service or combination of telecommunications services in conjunction with a non-regulated service and/or non-telecommunications service by ILECs to eligible customers in the ILEC's service area. Customers subscribing to promotional offerings receive a one-time or short-term benefit that shall not exceed ninety (90) calendar days.
- L. "Retail Telecommunications Services" are the telecommunications services, other than Interconnection Services, which are offered by ILECs and regulated by the Commission.
- M. "Telecommunications Service" is the offering of telecommunications for a fee directly to the public, or to such classes of users as to be effectively available to the public, regardless of the facilities used.
- N. ~~Total Service-Long Run Incremental Cost ('TSLRIC') is the incremental cost that would be incurred for the entire volume of a service. TSLRIC methodology considers all volume sensitive costs (i.e., costs that change with a change in unit demand) and volume insensitive costs (i.e., costs that do not change with a change in unit demand, but are required by the service) directly caused by and associated with that service.~~
- O. "Work Day" is defined as Monday through Friday and excludes weekends and officially recognized State holidays.

3. SERVICE CATEGORIES

Each telecommunications service offered by the ILEC and regulated by the Commission shall be assigned to one of two (2) categories: (1) Retail; and (2) Interconnection Services.

4. TARIFFS

ILECs shall file tariffs for all telecommunications services offered by the ILEC and regulated by the Commission. Tariffs shall be filed for any proposed change to terms, conditions, and/or prices.

Tariffs shall become effective in accordance with the provisions of subsections (A) – (F) below. The Commission retains the authority to investigate a tariff on its own motion, by intervention of another party, or as the result of a complaint filed pursuant to §37-1-83 of the Code. Any such motion, intervention or complaint shall specifically enumerate the rules and regulations of the Plan and/or Title 37 of the Code of Alabama, 1975 (the “Code”) that have been violated.

If the Commission initiates an investigation of a tariff on its own motion or based on the intervention of another party or the filing of a complaint pursuant to §37-1-83 of the Code, the tariff in question may be suspended for up to one hundred, eighty (180) days.

If the Commission initiates an investigation of a tariff based on the intervention or complaint of another party and orders a decrease in a price or prices contained therein, the ILEC shall be required to credit the difference between the effective price or prices and the Commission-ordered price or prices to affected customers during that period of time the tariff was effective.

- A. Tariffs proposing changes to terms or conditions for telecommunications services offered by the ILEC and regulated by the Commission shall be filed with an Effective Date at least thirty (30) work days following the File Date.
- B. Tariffs proposing price reductions for telecommunications services offered by ILEC and regulated by the Commission shall be filed with an Effective Date at least five (5) work days following the File Date.
- C. Tariffs proposing price increases for Retail Telecommunications Services¹⁴, Switched Access Services, or Special Access Services shall be filed with an Effective Date at least thirty (30) work days following the File Date.
- D. Tariffs proposing price increases for Non-discretionary Retail Telecommunication Services shall be filed with an Effective date at least thirty (30) work days following the File Date.
- E. Tariffs for New Services shall be filed with an Effective Date at least thirty (30) work days following the File Date.
- F. Tariffs that grandfather and/or eliminate telecommunications services shall be filed with an Effective Date at least thirty (30) work days following the File Date. For tariffs that eliminate telecommunications services, the tariff shall provide customers no less than one hundred, eighty (180) calendar days following the Effective Date during which affected customers will be given the opportunity to subscribe to alternative services before a customer’s current services are eliminated.

¹⁴ Except those Retail Telecommunication Services listed as “Non-discretionary”.

- G. ILECs will not market and/or advertise regulated services by a different name and/or rate structure than that included in the tariff on file with the Commission.

5. PRICING RULES

A. Pricing Rules – General

- (1) The price for any new or existing service shall equal or exceed its TSLRIC unless: (1) specifically exempted by the Commission based on public interest concerns; or (2) ILEC in good faith, and upon Commission approval, prices the service in order to meet the equally low price of a competitor.
- (2) In the event that ILEC prices a service below TSLRIC to meet the equally low price of a competitor, any intrastate universal service fund which may exist cannot be utilized to offset the resulting revenue shortfall.
- (3) No price reductions that will result in prices below TSLRIC will be allowed unless approved by the Commission. No price reductions will be allowed for any existing services that are priced below TSLRIC on the effective date of this Plan, unless approved by the Commission.
- (4) When no TSLRIC study is readily available, the Commission may, at its discretion, consider a surrogate for the TSLRIC cost study as the basis for analyzing the price floor requirement. In addition, service prices for non-BellSouth ILECs shall be considered presumptively compliant with this requirement if they are at or above prices for comparable BellSouth services.

B. Pricing Rules – Retail Services

(1) Discretionary Retail Services

- a. Upon approval of the ILEC Price Cap Plan, prices for all services shall be capped at existing levels for ~~three~~two (~~32~~) years.
- b. Following the ~~second~~third anniversary of this Plan, prices for 1FR and 1FB service may be increased by an amount not to exceed no more than one and one-half percent (1.5%) annually, per annum on a cumulative basis. However, the tariff price for 1FR service shall not exceed ~~eighteen~~twenty dollars (~~\$18~~\$20.00) per month and the tariff price for 1FB service shall not exceed \$39.95 per month unless, following notice and hearing, specifically approved by the Commission. Price increases for 1FR/1FB service will only be authorized in those wire centers compliant with the Commission's service quality objectives set forth in this Plan (as of the applicable anniversary date referenced above). Otherwise, prices for 1FR/1FB

service in those wire centers that fail to meet the service quality objectives will remain unchanged until found in compliance.

- c. Following the ~~third~~second anniversary of this Plan, prices for other Retail Telecommunications Services (excluding Non-discretionary Retail Services) may be adjusted by an amount not to exceed no more than two ten percent (210%) per service annually, per annum on a cumulative basis.

(2) NON-DISCRETIONARY RETAIL SERVICES

Non-Discretionary Retail Services will be identified in a Commission Workshop and will generally correspond with those Non-Discretionary Retail Services included in Part I of the TELCOM REG Plan. Prices for Non-discretionary Retail Telecommunication Services shall not be increased at the discretion of ILEC. The Company may request increases for prices of these services, on a case-by-case basis.

C. Pricing Rules – Switched Access Services and Local Access Services

- (1) The ILEC's combination of the traffic sensitive per minute charge for originating and terminating switched access service will be capped¹⁵ at the effective intrastate level (including any non-traffic sensitive rate elements) and special access charges capped at the interstate level as of the date this Plan is implemented.

~~(1)-(2) No further intrastate access reduction will be required unless the reduction is offset by an end user charge, a new intercarrier compensation mechanism or by the introduction of an intrastate universal service fund. No Commission-directed intrastate access reduction will occur unless the subsidy to non-bundled, existing traditional flat-rate local exchange services for residential service provided by switched access is replaced by an end user charge, an increase in local service rates (in addition to those provided for in Part 5B of this Plan), or by the introduction of an intrastate universal service fund. The establishment of an end user charge or an intrastate universal service fund will only occur following notice and hearing.~~

(1)——

6. CONTRACT SERVICE ARRANGEMENTS

- A. Customer-specific contract service arrangements ("CSAs") may be offered by the ILEC for any product or service provided by the ILEC and regulated by the

¹⁵ Excludes any access reductions associated with the USF High Cost Fund distribution, should it be eliminated or significantly reduced. The cap applies to interstate switched access charges without application of subsidy from the USF High Cost Fund annual distribution.

Commission in response to a competitive alternative or other unique circumstances.¹⁶ Rates, terms, conditions, and additional regulations, if applicable, for the CSA will be developed on an individual case basis and will include all relevant costs, plus an appropriate level of contribution. Unless otherwise specified, regulations applicable to a CSA are in addition to the applicable rates and regulations specified in ILEC's tariffs.

- B. A transmittal letter shall be provided to the Commission no later than five (5) work days prior to the proposed effective date for the CSA and all supporting documentation will be submitted therewith. ILECs will provide the Commission staff with access to detailed cost support for any CSA the staff chooses to review.
- C. If the Commission staff determines that further investigation is necessary, the Company will be notified prior to the effective date and will delay implementation for no more than twenty (20) work days pending an investigation. If the Commission has not denied the request within twenty (20) work days following the proposed effective date, approval will become effective the succeeding work day. Denial will consist of a verbal notification to the Company followed by a written Commission Order¹⁷. The Commission may also notify the Company anytime within the investigatory period that the request is acceptable and approval will become effective upon that notification.

7. PROMOTIONS, CUSTOMER VALUE PROGRAMS, MARKETING/TECHNICAL TRIALS, & BUNDLED SERVICES

A. General

The following rules apply to all Promotions, Customer Value Programs, Marketing/Technical Trials, and Bundled Service Offerings submitted for the Commission's consideration.

- (1) A transmittal letter shall be provided to the Commission no later than five (5) work days prior to the proposed effective date and all supporting documentation will be submitted therewith. Cost support will be available to the Commission Staff upon request.
- (2) If the Commission staff determines that further investigation is necessary, the Company will be notified prior to the effective date and will delay implementation for no more than twenty (20) work days pending an

¹⁶As previously referenced, the term "other unique circumstances" is defined as a unique customer telecommunications service requirement wherein a competitive alternative does not necessarily exist but the arrangement of products and/or services is generally unavailable in the approved tariff or wherein the Commission deems it to be in the public interest to offer the products and services at prices below those authorized in the approved tariff on a case-by-case basis

¹⁷ If the Company voluntarily withdraws the request, the requirement for a written Order disapproving the request is waived

investigation. If the Commission has not denied the request within ten (10) work days following the proposed effective date, approval will become effective the succeeding work day. Denial will consist of a verbal notification to the Company followed by a written Commission Order¹⁸. The Commission may also notify the Company anytime within the investigatory period that the request is acceptable and approval will become effective upon that notification.

B. Promotions

Subject to the availability of products, services, and facilities, Promotions will be available to all subscribers meeting the eligibility criteria as set forth in the Promotion. The following supporting documentation must be provided for the promotion:

- (1) A description of the Promotion (including terms, conditions and price);
- (2) A description of the geographic area in which the Promotion will be offered;
- (3) The eligibility criteria for the Promotion;
- (4) The marketing period (beginning and ending dates);
- (5) A detailed description of the services included in the Promotion.

C. Customer Value Programs:

Customer Value Programs (CVPs) will be available on a non-discriminatory basis to all subscribers meeting the eligibility criteria for each Program. The following supporting documentation must be provided for the CVP:

- (1) A description of the CVP (including terms, conditions and price);
- (2) A description of the geographic area in which the CVP will be offered;
- (3) The eligibility criteria for the CVP;
- (4) The marketing period (beginning and ending dates).

D. Marketing/Technical Trials

The following supporting documentation must be included must be provided for all Marketing/Technical Trials:

¹⁸ If the Company voluntarily withdraws the request, the requirement for a written Order disapproving the request is waived.

- (1) A description of the parameters of the Trial (including terms and conditions);
- (2) A description of the geographic area in which the Trial will be offered; and,
- (3) The rates and charges for the Trial, including any applicable range of rates within which the rates may be increased or decreased.

Marketing/Technical Trials may be offered for not less than one (1) month or not more than twelve (12) months.

E. Bundled Services¹⁹

Subject to the availability of products, services, and facilities, Bundled Services will be available to all subscribers meeting the eligibility criteria for such Bundled Services. The services bundle must be made available to qualified customers, on a non-discriminatory basis, at their request.

The following supporting documentation must be provided for all Bundled Service offerings:

- (1) A detailed description for each Bundled Service including whether the service is regulated or unregulated, terms, conditions, and the bundled price;
- (2) A description of the geographic area in which the Bundled Service will be offered;
 - a. The eligibility criteria for the Bundled Service;
 - b. The marketing period (beginning and ending dates).

8. SERVICE QUALITY

- A. ILECs will conform to the service standards outlined in Section T-21 of the Commission's Telephone Rules Section T-21 of the Commission's Telephone Rules as currently exist or as subsequently modified. ILECs agree to provide, electronically if feasible and on time, all data and reports required by the Commission Staff for monitoring and/or investigating wholesale and retail service performance. Service quality data and/or reports will be addressed in a Commission Service Quality Workshop and the resulting requirements included as Attachment D (Service Quality).

¹⁹ Existing rules and regulations, such as those involving bill payment, the allocation of payments between regulated and nonregulated services, and discontinuance of service for non-payment, remain in effect when customers subscribe to Bundled Services, unless and until modified by the Commission

- B. If the ILEC fails to achieve the Commission's minimum service quality standards or otherwise fails to provide service deemed adequate and safe for the public, the Commission may, after notice and hearing, institute a probationary period for a length of time of the Commission's choosing during which the ILEC will be afforded an opportunity to achieve the Commission's requirements for service. Following the probationary period, if the Commission's service requirements are not achieved, the Commission may require the ILEC to credit customer bills for 1FR/IFB²⁰ service in affected wire centers each month until the Commission's service requirements are achieved. The amount of the credit shall not exceed fifteen percent (15%) of the monthly 1FR/IFB rate and may be retroactive to the beginning of the probationary period.
- C. ILECs will abide by all FCC and Commission rules and requirements, as currently exist, or as developed/modified on a going forward basis, for telephone number portability.

9. CUSTOMER NOTIFICATION

- A. ILECs will provide customer notification of any price increases to all affected customers either by bill message, bill insert or direct mail at the option of the Company at least seven (7) calendar days before any regulated prices are increased. Notice of a price increase shall include at a minimum the effective date of the price change(s), the existing price(s), and the new price(s).
- B. Any affected customer may, within thirty (30) days of the Effective Date of any price increase, elect to cancel his/her subscription to a service that has been increased and the ILEC will credit the customer's bill by the amount of the price increase if the increase has been reflected on the customer's bill prior to the cancellation of the service.

10. REPORTING & FILING REQUIREMENTS

- A. ILECs will comply with the Commission's filing requirements in either hard copy or electronic format (or both as directed by the Commission). ILECs will provide web access to their Commission approved tariffs and an archive of previously approved tariff pages. Alternatively, ILECs will submit to the Commission, within five (5) work days from the effective date of tariff revisions, an updated electronic version of their entire tariff and an updated archive of previously approved tariff pages. The archive of previously approved tariff pages is for revisions beginning no later than the implementation date of this Plan.

²⁰ In addition to 1FR/IFB service, the credit applies to all other local calling plans. However, the amount of the credit applied to other local calling plans is based on the tariff rate for 1FR/IFB service

- B. On a monthly basis, ILECs will report the number and type of access lines (residence/business) served in each wire center.
- C. On a monthly basis, ILECs will report the customer name and location of pay phone service provider (PSP) and shared tenant service (STS) access lines served by the ILEC in each wire center.
- D. The Commission shall address other specific reporting requirements for this Plan under a separate docket.

11. CUSTOMER COMPLAINT RESOLUTION

The Commission's existing customer complaint procedures shall remain in effect.

12. COMMISSION OVERSIGHT

- D. The Alabama Telecommunications Regulation Plan ("ATRP") is hereby implemented by the Commission as an alternative method of regulating the telecommunications industry in Alabama pursuant to the provisions of Code of Alabama 1975, §37-1-80(b). Nothing in the Alabama Telecommunications Regulation Plan abrogates any statutorily granted authority of the Commission, including Code of Alabama, 1975 §37-1-80(a). The Commission reserves the right to exercise any authority statutorily granted to the Commission depending on the circumstances present in the telecommunications industry in Alabama. The Commission will, however, exercise any statutory provisions which are inconsistent with the ATRP only after notice and a hearing.
- E. With the adoption of the ATRP, the Commission will remain actively involved in public interest concerns, the quality of services rendered and received, the availability of new services and technologies and other consumer oriented issues. However, nothing herein shall relieve regulated telecommunications carriers in Alabama from their ongoing obligation to provide financial cost or other related data that the Commission requires.
- F. The Commission specifically reserves the right to review and/or revise the Alabama Telecommunications Regulation Plan in the event of rulings and/or decisions from the federal and/or state court systems as well as the Federal Communications Commission which have a major impact on the telecommunications industry in Alabama or an ILEC regulated under this plan. Revisions to the ATRP will, however, only be implemented by the Commission following notice and a hearing. The determination of whether a ruling and/or decision shall be reviewed by the Commission for purposes of revising the ATRP or otherwise shall be made by the Commission on its own motion or following a petition seeking such a determination by an interested party.

13. EXPANDED ALTERNATIVE DISPUTE RESOLUTION PROCEDURES

Commission conducted/supervised Mediation shall be available to any telecommunications carrier subject to the jurisdiction of the Commission for purposes of resolving disputes with other carriers. Mediation is a dispute resolution mechanism primarily available for two-party disputes, and is not to be used in substitution of generic dockets or workshops absent express agreement of all parties. The purpose of mediation is to create a voluntary forum whereby the parties may, at their own option, openly communicate with each other with the goal of reaching resolution of issues between the parties. The Alabama Public Service Commission encourages such discussions and will work with the parties to facilitate the mediation.

The Rules governing Mediation as established herein are set forth in Attachment E. The Mediation of disputes arising as the result of negotiations instituted and conducted pursuant to § 252 of the Telecommunications Act of 1996 will continue to be addressed pursuant to Rule T-25 of the Commission's Telephone Rules.

14. COMMISSION REVIEW

The Commission will conduct an assessment of this Plan beginning with the first anniversary date of the Plan in 2005 and will complete the assessment within one hundred and eighty (180) days following the first anniversary date. An additional assessment will be conducted, at the Commission's discretion, on the third anniversary date. The need for and frequency of future assessments will be determined at that time.

The Commission may not modify or repeal any portion of this Plan without notice and hearing. ILECs or any affected third party may, as market conditions change, petition the Commission for modifications to this Plan. Modifications will only be made following notice and hearing by the Commission.

PART III

ILEC PRICE FLEXIBILITY PLAN

1. APPLICABILITY OF THE ILEC PRICE FLEXIBILITY PLAN

A. The Staff Proposed ILEC Price Flexibility Plan (the "ILEC Plan" or the "Plan") for Incumbent Local Exchange Carriers ("ILECs") applies to all telecommunications services regulated by the Commission and offered by ILECs (except BellSouth) and regulated by the Commission who that choose to waive their exemption from competition and, thereby, request additional pricing flexibility than is offered through the ILEC Price Cap Plan that seek additional pricing flexibility than is offered through the ILEC Price Cap Plan and agree to negotiate interconnection agreements with competitors and offer service to competitors for resale and otherwise meet the requirements of this section.

B. ILECs must petition the Commission for approval to be regulated under the optional ILEC Plan and must qualify by complying To qualify for the Plan, an ILEC must file a written election with the Commission demonstrating compliance with the with all of following:

(1) The ILEC's monthly price for IFR service at the initiation of this Plan must be no higher than \$16.30 unless previously approved or exempted by the Commission.

(2) The ILEC has waived their rural exemption from competition and agrees to offer their services for resale and to offer unbundled elements of their network, as technically feasible and as required by regulatory rules, upon request.

(2) The ILECs agrees to negotiate with requesting CLECs, in good faith and a timely manner, for resale and, local interconnection, and collocation prices and, subject to the requirements of Sections 251(f)(1)(A)-(B) of the Act, meet such additional requirements as may be imposed by the Commission under Section 252(c) of the Act. —If agreement on prices for resale, local interconnection, and collocation the terms and conditions of such wholesale services cannot be achieved resolved through negotiation, either party may request Commission mediation and arbitration of the negotiations in accordance with the Telecom Act.

and ILECs agree to participate in any subsequent Commission mediation of the negotiations. —If mediation fails, ILECs agree to abide by Commission arbitration of the aforementioned prices.

- (3) The ILEC has an approved, optional Local Calling Plan²¹ (LCP).

²¹ ~~The Local-Expanded Local Calling Plan (LCP) is a calling plan designed to provide an expanded local calling capability for residential and business customers. Plans will provide for, at a minimum, 1000 minutes to points within the county and other intrastate points of interest within the LATA, at an additional recurring charge of up to \$22.00. Existing ACS plans may be grandfathered with approval by the Commission or maintained at the election of a Rural LEC, with customers advised of the availability of the new plans. ILECs with existing plans that are deemed by the Commission to be reasonably equivalent to the LCPs or reasonably meet the Commission objectives will be deemed compliant with this provision. For purposes of the plans, the location of a customer shall be determined by his or her serving end office. The LCP shall provide for local calling within the county and to key communities of interest beyond county boundaries, to include across LATA boundaries where feasible. The LCP price may incorporate a capped usage allowance. Each company's LCP will be reviewed by the Commission for purposes of determining whether it reasonably meets the Commission's objectives for expanded local calling~~

2. DEFINITIONS

- A. "Bundled Services" are a combination of services offered as a package, whether at a single price or with the availability of the price for one contingent on the purchase of the other(s). A Bundled Service may be comprised of any telecommunications service or non-telecommunication service offered by the ILEC in any combination with telecommunication or non-telecommunication service(s) offered by an ILEC's affiliate and/or with a non-affiliated third party provider.
- B. "Contract Service Arrangement" ("CSA") is an arrangement wherein the ILEC provides services pursuant to a contract between the ILEC and customers in Tier I where competitive alternatives are known to exist and in Tier II and Tier III in response to a competitive alternative or other unique circumstances²². Such arrangements include situations in which the services are not otherwise available through ILEC's tariffs, as well as situations in which the services are available through ILEC's tariffs, but the ILEC offers those services at prices other than those specified in the ILEC's tariffs.
- C. "Customer Value Program" (CVP) is the offering of a telecommunications service, combination of telecommunications services, or a telecommunications service or combination of telecommunications services in conjunction with a non-regulated service and/or non-telecommunications service by ILECs to eligible customers in the ILEC's service area. Customers subscribing to such programs will receive ongoing benefits for a duration that may exceed ninety (90) calendar days. Essentially, CVPs are long-term promotions (greater than 90 days in duration).
- D. "Effective Date" is the proposed date on which a new tariff or tariff revision is considered effective. The Effective Date is based on a specified number of work days following, but excluding, the File Date.
- E. "Eligibility Criteria" are the factors used to determine the customers and/or potential customers who would qualify for a Promotion, Customer Value Program, Marketing/Technical Trial, or Bundled Service: i.e., current services or services a customer must subscribe to, monthly spend, service or usage volume,

²² The term "competitive alternative" is defined as products and/or services offered by a telecommunications carrier who has the capability of providing the services to the customer at the time and place of the customer's choosing and whose availability and pricing are such that the ILEC's customers are reasonably expected to switch to a competitive provider. The Commission shall determine, on a case-by-case basis, the reasonableness of claims that competitive alternatives exist. The term "other unique circumstances" is defined as a unique customer telecommunications service requirement wherein a competitive alternative does not necessarily exist but the arrangement of products and/or services is generally unavailable in the approved tariff or wherein the Commission deems it to be in the public interest to offer the products and services at prices below those authorized in the approved tariff on a case-by-case basis.

term commitment, geographic location, such as wire center, and/or any other identifiable characteristic.

- F. "File Date" is the official date recorded by the office of the Director of the Commission's Administrative Division (Commission Secretary) for any proposed tariff or tariff revision submitted by a telecommunications provider and accepted by the Commission. The File Date is considered administrative in nature.
- G. "Interconnection Services" include Switched Access Services, Special Access Services, and Local Access Services and are defined as follows:
- (1) "Switched Access Services" allow toll providers to interconnect to ILEC's network in order to originate or terminate switched toll calls.
 - (2) "Special Access Services" are services providing an analog or digital transmission path that is not switched by a ILEC end office to directly connect an interexchange carrier's ("IXC's") terminal location and an end user's premises, two IXC terminal locations, an IXC terminal location and a hub, or two end user premises.
 - (3) "Local Access Services" allow competitive local exchange carriers ("CLECs") or other providers of local exchange services to complete local calls via the ILEC's network pursuant to the Telecommunications Act of 1996 ("the Act") through the interconnection of a CLEC's or other provider's network to the ILEC's network, through the resale by a CLEC of the ILEC's regulated retail services, or through the purchase by the CLEC of unbundled network elements ("UNEs") offered by the ILEC.
- H. Intra/Inter-modal²³ is a categorization that, for purposes of this Plan, describes competition for wire line subscribers in relation to the delivery means used by ILECs for provisioning local exchange service. Intra-modal competition describes basic local telephone service provided by regulated telecommunication carriers, over cable or wire, to subscribers within the ILEC's exchange boundary to include telecommunications over CATV and power lines. Wire line competition exists when local telephone services are generally available to subscribers within the ILEC's exchange boundary at a level of service and at prices that make them a reasonable and viable alternative to the ILEC's services. Business private line arrangements alone are not a sufficient indicator of wire line competition. Inter-modal competition is local telephone service provided

²³ The Commission's definition of intra/inter-modal competition, for purposes of this plan, may differ from the FCC definition. The FCC defines *inter-modal alternatives* as "facilities or technologies other than those found in traditional telephone networks. These include, for example, traditional or new cable plant, wireless technologies (satellite, mobile, or fixed), power line (electric grid) technologies, or other technologies not rooted in telephone networks." The Commission's definition recognizes that wire line, local exchange service, available from an alternative to the ILEC, is competition regardless of whether the service is provided by delivery means traditionally utilized by ILECs.

primarily by means other than cable or wire, such as wireless telecommunications service.

- I. "Marketing/Technical Trial" is the offering of a telecommunications service, combination of telecommunications services, or a telecommunications service or combination of telecommunications services in conjunction with a non-regulated service and/or non-telecommunications service by an ILEC to eligible customers on a trial basis in the ILEC's service area for technical and/or marketing purposes. Such trials shall be for the purpose of evaluating, in an operating environment, the performance and pricing of the specific service or services in conjunction with other marketing and environmental factors that can influence customer demand.
- J. "Metropolitan Statistical Area" ("MSA") is an area, as defined by the Office of Management and Budget, with a large population nucleus that together with adjacent communities, has a high degree of social and economic integration.
- K. "New Service" is a regulated function, feature, capability, or any combination thereof, which is not offered by the ILEC as of the effective date of this Plan.
- L. "Non-discretionary Retail Telecommunication Services" are those services for which the Commission limits the degree of regulatory discretion otherwise provided in the Plan for Retail Telecommunications Services.
- M. "Promotion" is the offering of a telecommunications service, combination of telecommunications services, or a telecommunications service or combination of telecommunications services in conjunction with a non-regulated service and/or non-telecommunications service by ILECs to eligible customers in the ILEC's service area. Customers subscribing to promotional offerings receive a one-time or short-term benefit that shall not exceed ninety (90) calendar days.
- N. "Retail Telecommunications Services" are the telecommunications services, other than Interconnection Services, which are offered by ILECs and regulated by the Commission.
- O. "Telecommunications Service" is the offering of telecommunications for a fee directly to the public, or to such classes of users as to be effectively available to the public, regardless of the facilities used.
- P. The term "Tier" refers to a category of wire centers demonstrating similar levels of competitive activity and may include only a subcategory of service associated with a wire center (business or residential).
- ~~Q.~~ Q. ~~Total Service-Long Run Incremental Cost ("TSLRIC") is the incremental cost that would be incurred for the entire volume of a service. TSLRIC methodology considers all volume sensitive costs (i.e., costs that change with a change in unit demand) and volume insensitive costs (i.e., costs that do not~~

~~change with a change in unit demand, but are required by the service) directly caused by and associated with that service.~~

R.R. "Work Day" is defined as Monday through Friday and excludes weekends and officially recognized State holidays.

3. COMPETITIVE CATEGORIES (TIERS)

For purposes of the Plan, each ILEC's service territory shall first be divided into geographical affiliation based on Metropolitan Statistical Areas ("MSAs"). However, the MSAs shall only be used as a guideline for assigning wire centers to a competitive Tier. Competitive activity and not geographical affiliation ultimately determines wire center assignment to one of three (3) Tiers. Each Tier will contain wire centers demonstrating similar competitive activity. Because competition for business telecommunication services can develop absent a similar level of competitive activity for residence service, a wire center may be assigned to one competitive Tier for business service and another for residential service. The ILEC shall request assignment of wire centers and provide justification for the proposed assignment. The Commission, however, will determine the initial classification of wire centers to each of the competitive Tiers. Additionally, on each anniversary of the Plan, the Commission may review and redefine the criteria used to assign wire centers to each of the competitive Tiers.

Initially, the following MSAs shall be designated as Tier I MSAs: Birmingham-Hoover, Mobile, Montgomery, and Huntsville. The remaining MSAs, Anniston, Auburn/Opelika, Columbus (Georgia), Decatur, Dothan, Florence, Gadsden, Pensacola (Florida), and Tuscaloosa, shall be designated as Tier II MSAs. The Non-MSA areas of the State shall be grouped together for regulatory purposes²⁴. Additional criteria for defining levels of competitive activity will be identified by the Commission and the Company and wire centers shall be assigned to Tier I, Tier II, or Tier III before the implementation of the Plan.

4. CLASSIFICATION AND RECLASSIFICATION OF WIRE CENTERS

Factors upon which ILECs may request classification of wire centers into the competitive Tiers may include, but are not limited to, collocation arrangements, residential and/or business competitive market share, alternative sources of switching,

²⁴ All non-MSA wire centers will be assigned to Tier II upon demonstration by the ILEC to the Commission's satisfaction that fifty (50) percent or more of the ILEC's non-MSA wire centers are experiencing: (1) intra-modal, UNE or facilities-based competition (resale competition excluded) as evidenced by wire line telephone service being provided to subscribers within the non-MSA wire center boundary; or (2) intermodal competition by an entity with carrier that has been granted eligible telecommunications status.

alternative sources of transport, etc. Further, pricing and availability of competitive residential alternatives will be used to determine the classification of residential service in each wire center to a competitive category. ILECs will submit supporting documentation justifying the requested classification.

On each anniversary of the Plan, ILECs may file requests to reclassify Tier I, Tier II, or Tier III wire centers. ILECs shall file supporting documentation justifying the reclassification of wire centers to a different competitive Tier. Factors upon which ILECs may base its reclassification request are referenced in the preceding paragraph and must include a separate analysis for residential service.

5. SERVICE CATEGORIES

Each telecommunications service offered by ILECs and regulated by the Commission shall be assigned to one of two (2) categories: (1) Retail; and (2) Interconnection Services.

6. TARIFFS

ILECs shall file tariffs for all telecommunications services offered by ILEC and regulated by the Commission, except as specifically exempted herein. Tariffs shall be filed for any proposed change to terms, conditions, and/or prices.

Tariffs shall become effective in accordance with the provisions of subsections (A) – (F) below. The Commission retains the authority to investigate a tariff on its own motion, by intervention of another party, or as the result of a complaint filed pursuant to §37-1-83 of the Code. Any such motion, intervention or complaint shall specifically enumerate the rules and regulations of the Plan and/or Title 37 of the Code of Alabama, 1975 (the “Code”) that have been violated.

If the Commission initiates an investigation of a tariff on its own motion, the tariff in question may be suspended for up to ninety (90) days. If the Commission initiates an investigation based on the intervention of another party or the filing of a complaint pursuant to §37-1-83 of the Code, the tariff shall remain in effect pending completion of the investigation and hearing. In lieu of the suspension of proposed tariffs as the result of intervention by another party or the filing of a complaint by another party pursuant to §37-1-83 of the Code, the following procedures will be in effect.

If the Commission initiates an investigation of a tariff based on the intervention or complaint of another party within sixty (60) days of the effective date of said tariff and orders a decrease in a price or prices contained therein, ILECs shall be required to credit the difference between the effective price or prices and the Commission-ordered price or prices to affected customers during that period of time the tariff was effective, but not to exceed one-hundred, fifty (150) days.

- A. Tariffs proposing changes to terms or conditions for telecommunications services offered by ILECs and regulated by the Commission shall be filed with an Effective Date at least ten (10) work days following the File Date.
- B. Tariffs proposing price reductions for telecommunications services offered by ILECs and regulated by the Commission shall be filed with an Effective Date at least five (5) work days following the File Date.
- C. Tariffs proposing price increases for Retail Telecommunications Services²⁵, Switched Access Services, or Special Access Services in Tier I shall be filed with an Effective Date at least five (5) work days following the File Date. Price increases for Retail Telecommunications Services, Switched Access Services, or Special Access Services in Tier II and Tier III shall be filed with an Effective Date at least ten (10) work days following the File Date.
- D. Tariffs proposing price increases for Non-discretionary Retail Telecommunication Services shall be filed with an Effective date at least thirty (30) work days following the File Date.
- E. Tariffs for New Services shall be filed with an Effective Date at least five (5) work days following the File Date.
- F. Tariffs that grandfather and/or eliminate telecommunications services shall be filed with an Effective Date at least twenty-five (25) work days following the File Date. For tariffs that eliminate telecommunications services, the tariff shall provide customers no less than one hundred, eighty (180) calendar days following the Effective Date during which affected customers will be given the opportunity to subscribe to alternative services before a customer's current services are eliminated.

7. PRICING RULES

A. Pricing Rules – General

- (1) The price for any new or existing service shall equal or exceed its TSLRIC unless: (1) specifically exempted by the Commission based on public interest concerns; or (2) the ILEC in good faith, and upon Commission approval, prices the service in order to meet the equally low price of a competitor.
- (2) In the event that the ILEC prices a service below TSLRIC to meet the equally low price of a competitor, any intrastate universal service fund which may exist cannot be utilized to offset the resulting revenue shortfall.

²⁵ Except those Retail Telecommunication Services listed as "Non-discretionary".

- (3) No price reductions that will result in prices below TSLRIC will be allowed unless approved by the Commission. No price reductions will be allowed for any existing services that are priced below TSLRIC on the effective date of this Plan, unless approved by the Commission.
- (4) When no TSLRIC study is readily available, the Commission may, at its discretion, consider a surrogate for the TSLRIC cost study as the basis for analyzing the price floor requirement. In addition, service prices for non-BellSouth ILECs shall be considered presumptively compliant with this requirement if they are at or above prices for comparable BellSouth services.

B. Pricing Rules – Retail Services

(1) FLAT-RATE RESIDENTIAL AND BUSINESS SERVICE

- a. Upon approval of this Plan for ILECs, prices for 1FR service in all Tiers and 1FB service in Tier III shall be capped at existing levels for two (2) years. 1FB prices in Tier I and Tier II will be adjusted at the discretion of the ILEC subject to the limitations specified for Other Retail Telecommunication Services in Part 7B(4).
- b. Following the second ~~and fourth anniversaries~~ anniversary of this Plan, prices for 1FR service (including 1FB for Tier III) may, at the discretion of the Company²⁶, be increased by an amount not to exceed five percent (5%) per annum on a cumulative basis. However, the tariff price for 1FR service shall not exceed twentyeight dollars (~~\$1820.00~~) per month and the tariff price for 1FB service in Tier III shall not exceed \$39.95 per month unless, following notice and hearing, specifically approved by the Commission. Price increases for 1FR service (including 1FB for Tier III) will only be authorized in those wire centers compliant with the Commission's service quality objectives set forth in this Plan (as of the applicable anniversary date referenced above). Otherwise, prices for 1FR service (including 1FB for Tier III) in those wire centers that fail to meet the service quality objectives will remain unchanged until found in compliance.
- c. Within ninety (90) days following the sixth anniversary of the plan, the Commission will make a further assessment of 1FR and 1FB prices and may schedule future adjustments as deemed necessary.

²⁶ The Company has the discretion to apply rate increases by competitive Tier (e.g., increase Tier II and/or Tier III but not Tier I or apply the authorized 1FR increases but not 1FB increases). Rates may also be decreased in one or more competitive sectors while increased in others. ~~However, any unapplied increases will not be accumulated and applied at a later date.~~

(2) NON-DISCRETIONARY RETAIL SERVICES

Non-Discretionary Retail Services will be identified in a Commission Workshop and will generally correspond with those Non-Discretionary Retail Services included in Part 1 of the TELCOM REG Plan. ILEC Non-Discretionary Retail Services are shown in Attachment C. Prices for Non-discretionary Retail Telecommunication Services shall not be increased at the discretion of ILEC. The Company may request increases for prices of these services, on a case-by-case basis, in accordance with the filing requirements identified in part 6D of this Plan.

(3) VERTICAL SERVICES

Upon approval of this Plan, the price for Residential Call Waiting, Caller I.D. and Caller I.D. Deluxe may, at the discretion of the ILEC, be adjusted to mirror BellSouth's prices for those services. Thereafter, prices for Residential Call Waiting, Caller I.D. and Caller I.D. Deluxe will be capped for two (2) years. Pricing Rules for Other Retail Telecommunication Services, Part 7B(4), shall apply for all other Business and Residential Vertical Services. Beginning with the second anniversary of the Plan, the pricing rules in 7B(4) shall thereafter apply to Residential Call Waiting, Caller I.D. and Caller I.D. Deluxe.

(4) OTHER RETAIL TELECOMMUNICATIONS SERVICES

Prices for other Retail Telecommunications Services (except as provided in Part 7B(3) and excluding Non-discretionary Retail Services) may be adjusted at the discretion of ILECs subject to the following limitations:

~~a.~~ Tier I increases shall be at the discretion of the ILEC.

~~b.~~ Tier II increases shall be limited to an amount not to exceed fifteen percent (15%) per annum on a cumulative basis ~~fifteen percent (15%) annually per service for the first two (2) years of~~ the Plan. Beginning with the second anniversary of the Plan, Tier II increases shall be limited to an amount not to exceed twenty percent (20%) per annum on a cumulative basis. ~~twenty percent (20%) annually per service.~~ Beginning with the fourth anniversary of the Plan, Tier II increases shall be limited to an amount not to exceed twenty-five percent (25%) annually per annum on a cumulative basis. ~~twenty-five percent (25%) annually per service.~~

~~c.~~ Tier III increases shall be limited to an amount not to exceed five-ten percent (510%) per annum on a cumulative basis for the first three (3) years of the Plan. Beginning with the third anniversary of the Plan, Tier III increases shall be limited to an amount not to exceed ten-fifteen percent (4015%) per annum on a cumulative basis ~~ten-fifteen percent (4015%) annually per service.~~ Beginning with the sixth

anniversary of the Plan, Tier III increases shall be limited to an amount not to exceed fifteen percent (15%) annually per service per annum on a cumulative basis.

C. Pricing Rules – Switched/Special Access Services and Local Access Services

- (1) ~~—~~The ILEC's combination of the traffic sensitive per minute charge for originating and terminating switched access service will be capped²⁷ at the effective intrastate level (including any non-traffic sensitive rate elements) and special access charges capped at the interstate level as of the date this Plan is implemented.
- (2) No further intrastate access reduction will be required unless the reduction is offset by an end user charge, a new intercarrier compensation mechanism or by the introduction of an intrastate universal service fund.
- ~~(2) No Commission-directed intrastate access reduction will occur unless the subsidy to non-bundled, existing traditional flat-rate local exchange services for residential service provided by switched access is replaced by an end-user charge, an increase in local service rates (in addition to those provided for in Part 7B of this Plan), or by the introduction of an intrastate universal service fund. The establishment of an end-user charge or an intrastate universal service fund will only occur following notice and hearing.~~
- (3) Regarding Local Access Services, the resale discount, if any, applicable to ILEC's prices for standalone, regulated retail telecommunications services and terms, conditions, and prices for unbundled network elements will be formally reviewed and appropriately adjusted periodically following a hearing by the Commission. terms of interconnection will be reviewed in accordance with the Act. Further, ILECs shall agree to a Code of Conduct with CLECs that specifies mutually acceptable wholesaler/retailer business practices and ethics and which is appropriate to the circumstances facing the non-BellSouth ILECs. If ILECs and the CLECs cannot reach agreement on a Code of Conduct prior to the implementation of the Plan, ILECs agree to enter into and abide by Commission staff mediation of the issue.

8. CONTRACT SERVICE ARRANGEMENTS

²⁷ Excludes any access reductions associated with the USF High Cost Fund distribution, should it be eliminated or significantly reduced. The cap applies to interstate switched access charges without application of subsidy from the USF High Cost Fund annual distribution.

- A. Customer-specific contract service arrangements ("CSAs") may be offered by the ILEC to customers in Tier I²⁸ for any product or service provided by ILECs and regulated by the Commission. CSAs may be offered by ILECs to customers in Tier II and Tier III for any product or service provided by ILEC and regulated by the Commission in response to a competitive alternative or other unique circumstances.²⁹ Rates, terms, conditions, and additional regulations, if applicable, for the CSA will be developed on an individual case basis and will include all relevant costs, plus an appropriate level of contribution. Unless otherwise specified, regulations applicable to a CSA are in addition to the applicable rates and regulations specified in ILEC's tariffs.
- B. On the fifth work day of each month, ILECs will provide the Commission, with a summary of the CSAs offered for the preceding calendar month. The summary will include the identification of the customer, the competitive Tier associated with the customer, a list of the services offered under the CSA, the retail price for each service from the tariff, the CSA price, TSLRIC support, and details about competitive alternatives if the CSA is offered in Tier II or Tier III. ILECs will provide the CSA summary electronically via secure web page or other data storage medium. ILECs will, as required, provide the Commission staff with access to detailed cost support for any CSA the staff chooses to review. ILECs and the Attorney General agree to keep a comprehensive proprietary agreement in effect at all times to allow the Attorney General access to any proprietary/confidential information provided to the Commission's staff. All CSA information and supporting data is proprietary and will not be released to parties outside the Commission and Attorney General's Office without the written consent of the CSA customer and the ILEC.
- C. The Commission retains authority to investigate CSAs. Should any CSA be found in non-compliance with the requirements of 8A to this Plan and/or to be priced below the price floor without the Commission's prior approval, the Commission may take remedial action to include suspending, for any period deemed appropriate by the Commission, the CSA provisions of this Plan for the ILEC.
9. PROMOTIONS, CUSTOMER VALUE PROGRAMS, MARKETING/TECHNICAL TRIALS, & BUNDLED SERVICES
- A. General

²⁸ If a CSA customer has locations in Tier I and Tier II/Tier III, all of the locations will be treated as Tier I.

²⁹ As previously referenced, the term "other unique circumstances" is defined as a unique customer telecommunications service requirement wherein a competitive alternative does not necessarily exist but the arrangement of products and/or services is generally unavailable in the approved tariff or wherein the Commission deems it to be in the public interest to offer the products and services at prices below those authorized in the approved tariff on a case-by-case basis.

The following rules apply to all Promotions, Customer Value Programs, Marketing/Technical Trials, and Bundled Service Offerings submitted for the Commission's consideration.

- (1) Promotions, Customer Value Programs, Marketing/Technical Trials, and Bundled Service Offerings will be priced above TSLRIC. ILECs will, as required, provide the Commission staff with access to detailed cost support for any of the above referenced offerings the staff chooses to review.
- (2) For purposes of complying with the cost floor requirement, the Plan assumes a pro rata allocation³⁰ of the discount in retail price associated with the entire offering is applicable to the regulated services portion of the offering unless demonstrated otherwise to the Commission's satisfaction. The TSLRIC cost floor requirement is applicable only to services regulated by the Commission. Regulated services already priced at or below TSLRIC due to regulatory mandate (e.g., 1FR service) will be excluded from the cost floor limitation and the pro-rata discount allocation.
- (3) A transmittal letter shall be provided to the Commission within five (5) work days following the effective date and will include the supporting documentation referenced in Parts 9B, 9C, 9D, and 9E.
- (4) Additional cost support will, upon request, be submitted electronically to the Commission's Telecommunications Division under standing proprietary agreement to include:
 - a. Cost floor support for all regulated services included in Promotions, Customer Value Programs, Marketing/Technical Trials, and Bundled Service Offerings;
 - b. The stand-alone retail price (or package price if not marketed on a stand-alone basis) for both regulated and unregulated services.
- (5) The Commission retains authority to investigate Promotions, Customer Value Programs, Marketing/Technical Trials, and Bundled Service Offerings. Should any be found in non-compliance with the requirements of Part 9 to this Plan and/or to be priced below the TSLRIC price floor without the Commission's prior approval, the Commission may take remedial action to include suspending, for any period deemed appropriate by the Commission, the provisions of this Plan whereby BellSouth may offer Promotions,

³⁰ If, for example, the discount from the combined retail prices of both regulated and unregulated services is 20%, the discount applied to the retail price for regulated services is assumed to be 20% and the resulting discounted price must exceed the TSLRIC for those regulated services. In those cases where a contract exists between the ILEC and affiliated or non-affiliated providers of unregulated services that spells out the discount applicable to the non-regulated services, the Commission may use the contractual discounts for those non-regulated services in lieu of the pro rata allocation for its cost floor analysis

Customer Value Programs, Marketing/Technical Trials, and Bundled Service Offerings.

B. Promotions

Subject to the availability of products, services, and facilities, Promotions will be available to all subscribers meeting the eligibility criteria as set forth in the Promotion. The following supporting documentation must be provided for the promotion:

- | ~~(7)~~(1) A description of the Promotion (including terms, conditions and price);
- | ~~(8)~~(2) A description of the geographic area in which the Promotion will be offered;
- | ~~(9)~~(3) The eligibility criteria for the Promotion;
- | ~~(10)~~(4) The marketing period (beginning and ending dates);
- | ~~(11)~~(5) A detailed description of the services included in the Promotion; and,
- | ~~(12)~~(6) Availability for resale.

C. Customer Value Programs:

Customer Value Programs (CVPs) will be available on a non-discriminatory basis to all subscribers meeting the eligibility criteria for each Program. The following supporting documentation must be provided for the CVP:

- (1) A description of the CVP (including terms, conditions and price);
- (2) A description of the geographic area in which the CVP will be offered;
- (3) The eligibility criteria for the CVP;
- (4) The marketing period (beginning and ending dates); and,
- (5) Availability for resale.

D. Marketing/Technical Trials

The following supporting documentation must be included must be provided for all Marketing/Technical Trials:

- (1) A description of the parameters of the Trial (including terms and conditions);

- (2) A description of the geographic area in which the Trial will be offered; and,
- (3) The rates and charges for the Trial, including any applicable range of rates within which the rates may be increased or decreased.

Marketing/Technical Trials may be offered for not less than one (1) month or not more than twelve (12) months.

E. Bundled Services³¹

Subject to the availability of products, services, and facilities, Bundled Services will be available to all subscribers meeting the eligibility criteria for such Bundled Services. The services bundle must be made available to qualified customers, on a non-discriminatory basis, at their request.

The following supporting documentation must be provided for all Bundled Service offerings:

~~(3)~~(1) A detailed description for each Bundled Service including whether the service is regulated or unregulated, terms, conditions, and the bundled price;

~~(4)~~(2) A description of the geographic area in which the Bundled Service will be offered;

~~a.a.~~ The eligibility criteria for the Bundled Service;

~~b.b.~~ The marketing period (beginning and ending dates); and,

~~c.c.~~ Availability for resale.

10. SERVICE QUALITY

D. ILECs will conform to the service standards outlined in Section T-21 of the Commission's Telephone Rules Section T-21 of the Commission's Telephone Rules as currently exist or as subsequently modified. ILECs agree to provide, electronically if feasible and on time, all data and reports required by the Commission Staff for monitoring and/or investigating wholesale and retail service performance. Service quality data and/or reports will be addressed in a Commission Service Quality Workshop and the resulting requirements included as Attachment D (Service Quality).

³¹ Existing rules and regulations, such as those involving bill payment, the allocation of payments between regulated and nonregulated services, and discontinuance of service for non-payment, remain in effect when customers subscribe to Bundled Services, unless and until modified by the Commission.

- E. If the ILEC fails to achieve the Commission's minimum service quality standards or otherwise fails to provide service deemed adequate and safe for the public, the Commission may, after notice and hearing, institute a probationary period for a length of time of the Commission's choosing during which the ILEC will be afforded an opportunity to achieve the Commission's requirements for service. Following the probationary period, if the Commission's service requirements are not achieved, the Commission may require the ILEC to credit customer bills for 1FR/1FB³² service in affected wire centers each month until the Commission's service requirements are achieved. The amount of the credit shall not exceed fifteen percent (15%) of the monthly 1FR/1FB rate and may be retroactive to the beginning of the probationary period.
- F. ILECs will abide by all applicable FCC and Commission rules and requirements, as currently exist, or as developed/modified on a going forward basis, for telephone number portability.

11. CUSTOMER NOTIFICATION

- A. ILECs will provide customer notification of any price increases to all affected customers either by bill message, bill insert or direct mail at the option of the Company at least seven (7) calendar days before any regulated prices are increased. Notice of a price increase shall include at a minimum the effective date of the price change(s), the existing price(s), and the new price(s).
- B. Any affected customer may, within thirty (30) days of the Effective Date of any price increase, elect to cancel his/her subscription to a service that has been increased and the ILEC will credit the customer's bill by the amount of the price increase if the increase has been reflected on the customer's bill prior to the cancellation of the service.
- C. The notice and cancellation provisions of this rule may be superseded by agreement between the customer and the ILEC.

12. REPORTING & FILING REQUIREMENTS

- A. ILECs will comply with the Commission's filing requirements in either hard copy or electronic format (or both as directed by the Commission). ILECs will provide web access to their Commission approved tariffs and an archive of previously approved tariff pages. Alternatively, ILECs will submit to the Commission,

³² In addition to 1FR/1FB service, the credit applies to all other local calling plans. However, the amount of the credit applied to other local calling plans is based on the tariff rate for 1FR/1FB service

within five (5) work days from the effective date of tariff revisions, an updated electronic version of their entire tariff and an updated archive of previously approved tariff pages. The archive of previously approved tariff pages is for revisions beginning no later than the implementation date of this Plan.

- B. On a monthly basis, ILECs will report the number and type of access lines (residence/business) served in each wire center.
- C. On a monthly basis, ILECs will report the customer name and location of pay phone service provider (PSP) and shared tenant service (STS) access lines served by the ILEC in each wire center.
- D. The Commission shall address other specific reporting requirements for this Plan under a separate docket.

13. CUSTOMER COMPLAINT RESOLUTION

The Commission's existing customer complaint procedures shall remain in effect.

14. COMMISSION OVERSIGHT

- G. The Alabama Telecommunications Regulation Plan ("ATRP") is hereby implemented by the Commission as an alternative method of regulating the telecommunications industry in Alabama pursuant to the provisions of Code of Alabama 1975, §37-1-80(b). Nothing in the Alabama Telecommunications Regulation Plan abrogates any statutorily granted authority of the Commission, including Code of Alabama, 1975 §37-1-80(a). The Commission reserves the right to exercise any authority statutorily granted to the Commission depending on the circumstances present in the telecommunications industry in Alabama. The Commission will, however, exercise any statutory provisions which are inconsistent with the ATRP only after notice and a hearing.
- H. With the adoption of the ATRP, the Commission will remain actively involved in public interest concerns, the quality of services rendered and received, the availability of new services and technologies and other consumer oriented issues. However, nothing herein shall relieve regulated telecommunications carriers in Alabama from their ongoing obligation to provide financial cost or other related data that the Commission requires.
- I. The Commission specifically reserves the right to review and/or revise the Alabama Telecommunications Regulation Plan in the event of rulings and/or decisions from the federal and/or state court systems as well as the Federal Communications Commission which have a major impact on the telecommunications industry in Alabama or individual ILECs regulated under this

| plan. Revisions to the ATRP will, however, only be implemented by the Commission following notice and a hearing. The determination of whether a ruling and/or decision shall be reviewed by the Commission for purposes of revising the ATRP or otherwise shall be made by the Commission on its own motion or following a petition seeking such a determination by an interested party.

15. EXPANDED ALTERNATIVE DISPUTE RESOLUTION PROCEDURES

Commission conducted/supervised Mediation shall be available to any telecommunications carrier subject to the jurisdiction of the Commission for purposes of resolving disputes with other carriers. Mediation is a dispute resolution mechanism primarily available for two-party disputes, and is not to be used in substitution of generic dockets or workshops absent express agreement of all parties. The purpose of mediation is to create a voluntary forum whereby the parties may, at their own option, openly communicate with each other with the goal of reaching resolution of issues between the parties. The Alabama Public Service Commission encourages such discussions and will work with the parties to facilitate the mediation.

The Rules governing Mediation as established herein are set forth in Attachment E. The Mediation of disputes arising as the result of negotiations instituted and conducted pursuant to § 252 of the Telecommunications Act of 1996 will continue to be addressed pursuant to Rule T-25 of the Commission's Telephone Rules.

16. COMMISSION REVIEW

The Commission will conduct an assessment of this Plan beginning with the first anniversary date of the Plan in 2005 and will complete the assessment within one hundred and eighty (180) days following the first anniversary date. An additional assessment will be conducted, at the Commission's discretion, on the third anniversary date. The need for and frequency of future assessments will be determined at that time.

The Commission may not modify or repeal any portion of this Plan without notice and hearing. ILECs or any affected third party may, as market conditions change, petition the Commission for modifications to this Plan. Modifications will only be made following notice and hearing by the Commission.

